

SPUNK

FAQ



PRINCIPLES, PROPOSITIONS &
DISCUSSIONS
FOR LAND & FREEDOM

AN INTRODUCTORY WORD TO THE 'ANARCHIVE'

"Anarchy is Order!"

*'I must Create a System or be enslav'd by
another Man's.
I will not Reason & Compare: my business
is to Create'
(William Blake)*

During the 19th century, anarchism has developed as a result of a social current which aims for freedom and happiness. A number of factors since World War I have made this movement, and its ideas, disappear little by little under the dust of history.

After the classical anarchism – of which the Spanish Revolution was one of the last representatives—a 'new' kind of resistance was founded in the sixties which claimed to be based (at least partly) on this anarchism. However this resistance is often limited to a few (and even then partly misunderstood) slogans such as 'Anarchy is order', 'Property is theft',...

Information about anarchism is often hard to come by, monopolised and intellectual; and therefore visibly disappearing. The 'anarchive' or 'anarchist archive' Anarchy is Order (in short **A.O**) is an attempt to make the '**principles, propositions and discussions**' of this tradition available again for anyone it concerns. We believe that these texts are part of our own heritage. They don't belong to publishers, institutes or specialists.

These texts thus have to be available for all anarchists and other people interested. That is one of the conditions to give anarchism a new impulse, to let the 'new anarchism' outgrow the slogans. This is what makes this project relevant for us: we must find our roots to be able to renew ourselves. We have to learn from the mistakes of our socialist past. History has shown that a large number of the anarchist ideas remain

standing, even during the most recent social-economic developments.

‘Anarchy Is Order’ does not make profits, everything is spread at the price of printing- and papercosts. This of course creates some limitations for these archives.

Everyone is invited to spread along the information we give . This can be done by copying our leaflets, printing texts from the CD (collecting all available texts at a given moment) that is available or copying it, e-mailing the texts to friends and new ones to us,... Become your own anarchivists!!!

(Be aware though of copyright restrictions. We also want to make sure that the anarchist or non-commercial printers, publishers and authors are not being harmed. Our priority on the other hand remains to spread the ideas, not the ownership of them.)

The anarchivists offers these texts hoping that values like **freedom, solidarity and direct action** get a new meaning and will be lived again; so that the struggle continues against the

*“...demons of flesh and blood, that sway scepters down here;
and the dirty microbes that send us dark diseases and wish to
squash us like horseflies;
and the will-‘o-the-wisp of the saddest ignorance.”*

(L-P. Boon)

The rest depends as much on you as it depends on us. Don’t mourn, Organise!

Comments, questions, criticism, cooperation can be sent to A.O@advalvas.be.

A complete list and updates are available on this address, new texts are always

WELCOME!!

An introductory word to the 'anarchive'	2
Section D - How does statism and capitalism affect society?	15
Section D - How does statism and capitalism affect society?	17
Introduction.....	17
D.1.1 Does state intervention cause the problems to begin with?.....	18
D.1.2 Is state intervention the result of democracy?	18
D.1.3 Is state intervention socialistic?	18
D.2 What influence does wealth have over politics?	18
D.2.1 Is capital flight that powerful?	18
D.2.2 How extensive is business propaganda?	18
D.3 How does wealth influence the mass media?	18
D.3.1 How does the size, concentrated ownership, owner wealth, and profit orientation of the dominant mass-media firms affect media content?	18
D.3.2 What is the effect of advertising as the primary income source of the mass media?.....	18
D.3.3 Why do the media rely on information provided by government, business, and "experts" funded and approved by these primary sources and agents of power?	18
D.3.4 How is "flak" used by the wealthy and powerful as a means of disciplining the media? ...	18
D.3.5 Why do the wealthy and powerful use "anticommunism" as a national religion and control mechanism?	18
D.3.6 Isn't it a "conspiracy theory" to suggest that the media are used as propaganda instruments by the elite?	19

D.3.7 Isn't the "propaganda thesis" about the media contradicted by the "adversarial" nature of much media reporting, e.g. its exposes of government and business corruption?	19
D.4 What is the relationship between capitalism and the ecological crisis?	19
D.4.1 Why must capitalist firms "grow or die?" ...	19
D.5 What causes imperialism?	19
D.5.1 Has imperialism changed over time?	19
D.5.2 What is the relationship between imperialism and the social classes within capitalism?	19
D.5.3 Does globalisation mean the end of imperialism?	19
D.6 Are anarchists against Nationalism?	19
D.8.1 Will militarism change with the apparent end of the Cold War?	20
D.9 What is the relationship between wealth polarisation and authoritarian government?	20
D.9.1 Why does political power become concentrated under capitalism?	20
D.9.2 What is "invisible government"?	20
D.9.3 Why are incarceration rates rising?	20
D.9.4 Why is government "secrecy and surveillance of citizens on the increase?	20
D.9.5 But doesn't authoritarian government always involve censorship?	20
D.9.6 What does the Right want?	20
D.10 How does capitalism affect technology?	20
D.11.1 Does free market ideology play a part in racist tendencies to increase?	20
D.1 Why does state intervention occur?	21
D.1.1 Does state intervention cause the problems to begin with?	27
D.1.2 Is state intervention the result of democracy?	29

D.1.3 Is state intervention socialistic?	32
D.2 What influence does wealth have over politics?	37
D.2.1 Is capital flight really that powerful?	41
D.2.2 How extensive is business propaganda? .	43
D.3 How does wealth influence the mass media? 47	
D.3.1 How does the size, concentrated ownership, owner wealth, and profit orientation of the dominant mass-media firms affect media content?.....	48
D.3.2 What is the effect of advertising as the primary income source of the mass media?.....	51
D.3.3 Why do the media rely on information provided by government, business, and "experts" funded and approved by government and business?	52
D.3.4 How is "flak" used by the wealthy and powerful as a means of disciplining the media?54	
D.3.5 Why do the power elite use "anticommunism" as a national religion and control mechanism?	56
D.3.6 Isn't it a "conspiracy theory" to suggest that the media are used as propaganda instruments by the elite?	58
D.3.7 Isn't the "propaganda thesis" about the media contradicted by the "adversarial" nature of much media reporting, e.g. its exposes of government and business corruption?	60
D.4 What is the relationship between capitalism and the ecological crisis?.....	62
D.4.1 Why must capitalist firms "grow or die?"64	
D.5 What causes imperialism?	67
D.5.1 How has imperialism changed over time?	70

D.5.2 What is the relationship between imperialism and the social classes within capitalism?	75
D.5.3 Does globalisation mean the end of imperialism?	78
D.6 Are anarchists against Nationalism?	83
D.7 Are anarchists opposed to National Liberation struggles?	87
D.8 What causes militarism and what are its effects?	93
D.8.1 Will militarism change with the apparent end of the Cold War?	97
D.9 What is the relationship between wealth polarisation and authoritarian government?	101
D.9.1 Why does political power become concentrated under capitalism?	104
D.9.2. What is "invisible government"?	109
D.9.3 Why are incarceration rates rising?	113
D.9.4 Why is government secrecy and surveillance of citizens on the increase?	115
D.9.5 But doesn't authoritarian government always involve censorship?	122
D.9.6 What does the Right want?	126
D.10 How does capitalism affect technology?	132
D.11 What causes justifications for racism to appear?	149
D.11.1 Does free market ideology play a part in racist tendencies to increase?	151
Section E - What do anarchists think causes ecological problems?	155
Introduction	155
E.1 What do eco-anarchists propose instead of capitalism?	155
E.1.1 Why do eco-anarchists advocate workers' control?	155

E.1.2 Why do eco-anarchists favour direct democracy?	155
E.2 Can "absolute" private property rights protect the environment?	155
E.3 Does economic power affect pollution controls?	155
Section E - What do anarchists think causes ecological problems?	157
E.1 What do eco-anarchists propose instead of capitalism?	162
E.1.1 Why do eco-anarchists favour workers' control?	163
E.1.2 Why do eco-anarchists emphasise direct democracy?	165
E.2 Can " <i>absolute</i> " private property rights protect the environment?	168
E.3 Does economic power affect pollution controls?	172
E.4 Can "education" solve ecological problems under free market capitalism?	174
E.5 How does its need to focus on short-term profitability affect capitalism's ability to deal with the ecological crisis?	177
E.6 What is the population myth?	179
E.7 Can green consumerism stop the ecological crisis?	186
Section F - Is "anarcho"-capitalism a type of anarchism?	193
Introduction	193
F.1 Are "anarcho"-capitalists really anarchists?	193
F.1.1 Why is the failure to renounce hierarchy the Achilles Heel of right-wing libertarianism and "anarcho"-capitalism?	193
F.1.2 How libertarian is right-Libertarian theory?	193

F.1.3 Is right-Libertarian theory scientific in nature?	193
F.2 What do "anarcho"-capitalists mean by "freedom?"	194
F.2.1 What are the implications of defining liberty in terms of (property) rights?	194
F.2.2 How does private property affect freedom?	194
F.2.3 Can "anarcho"-capitalist theory justify the state?	194
F.2.4 But surely transactions on the market are voluntary?	194
F.2.5 But surely circumstances are the result of liberty and so cannot be objected to?	194
F.2.6 Do Libertarian-capitalists support slavery?	194
F.2.7 But surely abolishing capitalism would restrict liberty?	194
F.2.8 Why should we reject the "anarcho"-capitalist definitions of freedom and justice?	194
F.3 Why do "anarcho"-capitalists generally place little or no value on "equality," and what do they mean by that term?	194
F.4 What is the right-libertarian position on private property?	195
F.5 Will privatising "the commons" increase liberty?	195
F.6 Is "anarcho" capitalism against the state?	195
F.7 What is the myth of "Natural Law"?	196
F.8 What role did the state take in the creation of capitalism?	196
F.9 Is Medieval Iceland an example of "anarcho"-capitalism working in practice?	197
F.10 Would laissez-faire capitalism be stable?	197
Section F - Is "anarcho"-capitalism a type of anarchism?	198

F.1 Are "anarcho"-capitalists really anarchists? .	205
F.1.1 Why is the failure to renounce hierarchy the Achilles Heel of right-wing libertarianism and "anarcho"-capitalism?	219
F.1.2 How libertarian is right-Libertarian theory?	222
F.1.3 Is right-Libertarian theory scientific in nature?.....	231
F.2 What do "anarcho"-capitalists mean by "freedom"?	246
F.2.1 What are the implications of defining liberty in terms of (property) rights?	253
F.2.2 How does private property affect freedom?	261
F.2.3 Can "anarcho"-capitalist theory justify the state?	266
F.2.4 But surely transactions on the market are voluntary?	274
F.2.5 But surely circumstances are the result of liberty and so cannot be objected to?.....	280
F.2.6 Do Libertarian-capitalists support slavery?	285
F.2.7 But surely abolishing capitalism would restrict liberty?	294
F.2.8 Why should we reject the "anarcho"-capitalist definitions of freedom and justice? .	297
F.3 Why do anarcho"-capitalists generally place little or no value on "equality," and what do they mean by that term?.....	305
F.3.1 Why is this disregard for equality important?	315
F.3.2 But what about "anarcho"-capitalist support for charity?.....	324
F.4 What is the right-libertarian position on private property?	327

F.4.1 What is wrong with a "homesteading" theory of property?	333
F.4.2 Why is the "Lockean Proviso" important?	340
F.4.3 How does private property effect individualism?	345
F.4.4 How does private property affect relationships?	351
F.4.5 Does private property co-ordinate without hierarchy?	354
F.5 Will privatising "the commons" increase liberty?	357
F.6 Is "anarcho"-capitalism against the state?.....	365
F.6.1 What's wrong with this "free market" justice?	368
F.6.2 What are the social consequences of such a system?	373
F.6.3 But surely market forces will stop abuses by the rich?	377
F.6.4 Why are these "defence associations" states?	389
F.6.5 What other effects would "free market" justice have?	395
F.7 What is the myth of "Natural Law"?.....	403
F.7.1 Why the term "Natural Law" in the first place?	406
F.7.2 But "Natural Law" provides protection for individual rights from violation by the State. Those who are against Natural Law desire total rule by the state.	410
F.7.3 Why is "Natural Law" authoritarian?	411
F.7.4 Does "Natural Law" actually provides protection for individual liberty?	414
F.7.5 But Natural Law was discovered, not invented!.....	418

F.7.6 Why is the notion of "discovery" contradictory?	420
F.8 What role did the state take in the creation of capitalism?	424
F.8.1 What social forces lay behind the rise of capitalism?	430
F.8.2 What was the social context of the statement "laissez-faire"?	436
F.8.3 What other forms did state intervention in creating capitalism take?.....	442
F.8.4 Aren't the enclosures a socialist myth?..	447
F.8.5 What about the lack of enclosures in the Americas?	451
F.8.6 How did working people view the rise of capitalism?	457
F.8.7 Why is the history of capitalism important?	461
F.9 Is Medieval Iceland an example of "anarcho"-capitalism working in practice?	469
F.10 Would laissez-faire capitalism be stable?...	482
F.10.1 Would privatising banking make capitalism stable?.....	485
F.10.2 How does the labour market effect capitalism?	503
F.10.3 Was laissez-faire capitalism stable?	516
Section G - Is individualist anarchism capitalistic?....	520
Introduction.....	520
G.1.1 Why is the social context important in evaluating Individualist Anarchism?	520
G.2.1 What about their support of the free market?	520
G.2.2 What about their support of "private property"?	520
Section G - Is individualist anarchism capitalistic?....	522
G.1 Are individualist anarchists anti-capitalist? .	525

G.2 Why does individualist anarchism imply socialism?	532
G.3 What about "anarcho"-capitalists' support of Tucker's "defence associations"?	539
G.4 Why do social anarchists reject individualist anarchism?	545
G.5 Benjamin Tucker: Capitalist or Anarchist? ..	555
G.6 What are the ideas of Max Stirner?	562
G.7 Lysander Spooner: right-Libertarian or libertarian socialist?	573
Section H - Why do anarchists oppose state socialism?	586
Introduction	587
H.1 Have anarchists always opposed state socialism?	587
H.2 What are the myths of state socialism?	587
H.2.1 Is economic power the root of all class oppression?	587
H.2.2 Is Big Business the precondition for socialism?	587
H.2.3 Will capitalist economic crisis help create socialism?	587
H.2.4 Why state socialism is not socialism?	587
H.2.5 Why are vanguard parties anti-socialist? ..	587
H.2.6 Why will the state not "wither away?	587
H.2.7 Why is state ownership is capitalistic?	587
H.2.8 Why does central planning fail?	587
H.3 What actually happened in Russia?	587
H.3.1 What is "The Bolshevik myth"?	587
H.3.2 What was the Bolshevik attitude to workers control?	587
H.3.3 Why did the soviets become powerless in the USSR?	587
H.3.4 Did the Bolsheviks become authoritarian because of the Russia Civil War?	587

H.3.5 Why is the Kronstadt rebellion important to understanding the true nature of Bolshevism?....	587
H.3.6 Why does the Makhnovist movement show there is an alternative to Bolshevism	588
H.4 What is market socialism?	588
H.4.1 What's wrong with market socialism from a libertarian perspective?	588
H.4.2 Is there any form of market socialism that is compatible with libertarian socialism?	588

SECTION D - HOW DOES STATISM AND CAPITALISM AFFECT SOCIETY?

This section of the FAQ indicates how both statism and capitalism affect the society they exist in. It is a continuation of sections B ([Why do anarchists oppose the current system?](#)) and C ([What are the myths of capitalist economics?](#)) and it discusses the impact of the underlying social and power relationships within the current system on society.

This section is important because the institutions and social relationships capitalism and statism spawn do not exist in a social vacuum, they have deep impacts on our everyday lives. These effects go beyond us as individuals (for example, the negative effects of hierarchy on our individuality) and have an effect on how the political institutions in our society work, how technology develops, how the media operates and so on. Therefore it is worthwhile to point out how (and why) statism and capitalism affect society as a whole outwith the narrow bounds of politics and economics.

So here we try and sketch some of the impact of concentrations of political and economic power has upon society. While many people attack the **results** of these processes (like state intervention, ecological destruction, imperialism, etc.) they ignore their **causes**. This means that the struggle against social evils will be never-ending, like a doctor fighting the symptoms of a disease without treating the disease itself. We have indicated the roots of the problems we face in sections [B](#) and [C](#); now we discuss some of the other problems they create. This section of the FAQ explores the interactions of the

causes and results and draws out how the authoritarian and exploitative nature of capitalism affects the world we live in.

It is important to remember that most supporters of capitalism refuse to do this. Yes, many of them point out **some** flaws and problems within society but they never relate them to the system as such. As Noam Chomsky points out, they will attribute the catastrophes of capitalism "*to any other cause **other** than the system that consistently brings them about.*" [**Detering Democracy**, p. 232]

That the system and its effects are interwoven can best be seen from the fact that while right-wing parties have been elected to office promising to reduce the role of the state in society, the actual size and activity of the state has not been reduced, indeed it has usually increased in scope (both in size and in terms of power and centralisation). This is unsurprising, as "free market" implies strong (and centralised) state -- the "freedom" of Management to manage means that the freedom of workers to resist authoritarian management structures must be weakened by state action. Thus, ironically, state intervention within society will continue to be needed in order to ensure that society survives the rigours of market forces and that elite power and privilege are protected from the masses.

SECTION D - HOW DOES STATISM AND CAPITALISM AFFECT SOCIETY?

INTRODUCTION

D.1 Why does state intervention occur?

D.1.1 DOES STATE INTERVENTION CAUSE THE PROBLEMS TO BEGIN WITH?

D.1.2 IS STATE INTERVENTION THE RESULT OF DEMOCRACY?

D.1.3 IS STATE INTERVENTION SOCIALISTIC?

D.2 WHAT INFLUENCE DOES WEALTH HAVE OVER POLITICS?

D.2.1 IS CAPITAL FLIGHT THAT POWERFUL?

D.2.2 HOW EXTENSIVE IS BUSINESS PROPAGANDA?

D.3 HOW DOES WEALTH INFLUENCE THE MASS MEDIA?

D.3.1 HOW DOES THE SIZE, CONCENTRATED OWNERSHIP, OWNER WEALTH, AND PROFIT ORIENTATION OF THE DOMINANT MASS-MEDIA FIRMS AFFECT MEDIA CONTENT?

D.3.2 WHAT IS THE EFFECT OF ADVERTISING AS THE PRIMARY INCOME SOURCE OF THE MASS MEDIA?

D.3.3 WHY DO THE MEDIA RELY ON INFORMATION PROVIDED BY GOVERNMENT, BUSINESS, AND "EXPERTS" FUNDED AND APPROVED BY THESE PRIMARY SOURCES AND AGENTS OF POWER?

D.3.4 HOW IS "FLAK" USED BY THE WEALTHY AND POWERFUL AS A MEANS OF DISCIPLINING THE MEDIA?

D.3.5 WHY DO THE WEALTHY AND POWERFUL USE "ANTICOMMUNISM" AS A NATIONAL RELIGION AND CONTROL MECHANISM?

D.3.6 ISN'T IT A "CONSPIRACY THEORY" TO SUGGEST THAT THE MEDIA ARE USED AS PROPAGANDA INSTRUMENTS BY THE ELITE?

D.3.7 ISN'T THE "PROPAGANDA THESIS" ABOUT THE MEDIA CONTRADICTED BY THE "ADVERSARIAL" NATURE OF MUCH MEDIA REPORTING, E.G. ITS EXPOSES OF GOVERNMENT AND BUSINESS CORRUPTION?

D.4 WHAT IS THE RELATIONSHIP BETWEEN CAPITALISM AND THE ECOLOGICAL CRISIS?

D.4.1 WHY MUST CAPITALIST FIRMS "GROW OR DIE?"

D.5 WHAT CAUSES IMPERIALISM?

D.5.1 HAS IMPERIALISM CHANGED OVER TIME?

D.5.2 WHAT IS THE RELATIONSHIP BETWEEN IMPERIALISM AND THE SOCIAL CLASSES WITHIN CAPITALISM?

D.5.3 DOES GLOBALISATION MEAN THE END OF IMPERIALISM?

D.6 ARE ANARCHISTS AGAINST NATIONALISM?

D.7 Are anarchists opposed to National Liberation struggles?

D.8 What causes militarism and what are its effects?

D.8.1 WILL MILITARISM CHANGE WITH
THE APPARENT END OF THE COLD WAR?

**D.9 WHAT IS THE RELATIONSHIP BETWEEN WEALTH
POLARISATION AND AUTHORITARIAN GOVERNMENT?**

D.9.1 WHY DOES POLITICAL POWER
BECOME CONCENTRATED UNDER
CAPITALISM?

D.9.2 WHAT IS "INVISIBLE
GOVERNMENT"?

D.9.3 WHY ARE INCARCERATION RATES
RISING?

D.9.4 WHY IS GOVERNMENT "SECRECY
AND SURVEILLANCE OF CITIZENS ON
THE INCREASE?

D.9.5 BUT DOESN'T AUTHORITARIAN
GOVERNMENT ALWAYS INVOLVE
CENSORSHIP?

D.9.6 WHAT DOES THE RIGHT WANT?

D.10 HOW DOES CAPITALISM AFFECT TECHNOLOGY?

**D.11 What causes justifications for
racism to appear?**

D.11.1 DOES FREE MARKET IDEOLOGY
PLAY A PART IN RACIST TENDENCIES TO
INCREASE?

D.1 WHY DOES STATE INTERVENTION OCCUR?

The state is forced to intervene in society because of the anti-social effects of capitalism. The abstractly individualistic theory on which capitalism is based ("everyone for themselves") results in a high degree of statism since the economic system itself contains no means to combat its own socially destructive workings. The state must also intervene in the economy, not only to protect the interests of the ruling class but also to protect society from the atomising and destructive impact of capitalism. Moreover, capitalism has an inherent tendency toward periodic recessions or depressions, and the attempt to prevent them has become part of the state's function. However, since preventing them is impossible (they are built into the system -- see [section C.7](#)), in practice the state can only try to postpone them and ameliorate their severity. Let's begin with the need for social intervention.

Capitalism is based on turning both labour and land into commodities. As Karl Polanyi points out, however, *"labour and land are no other than the human beings themselves of which every society consists and the natural surroundings in which it exists; to include labour and land in the market mechanism means to subordinate the substance of society itself to the laws of the market."* [**The Great Transformation**, p. 71] And this means that *"human society has become an accessory to the economic system,"* with humanity placing itself fully in the hands of supply and demand. But such a situation *"could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness."* [**Ibid.**, pp. 41-42]

To expect that a community would remain indifferent to the scourge of unemployment, dangerous working conditions, 16-hour working days, the shifting of industries and occupations, and the moral and psychological disruption accompanying them -- merely because economic effects, in the long run, might be better -- is an absurdity. Similarly, for workers to remain indifferent to, for example, poor working conditions, peacefully waiting for a new boss to offer them better conditions, or for citizens to wait passively for capitalists to start voluntarily acting responsibly toward the environment, is to assume a servile and apathetic role for humanity. Luckily, labour power refuses to be a commodity and citizens refuse to stand idly by while the planet's ecosystems are destroyed.

Therefore state intervention occurs as a form of protection against the workings of the market. As capitalism is based on atomising society in the name of "freedom" on the competitive market, it is hardly surprising that defence against the anti-social workings of the market should take statist forms -- there being few other structures capable of providing such defence (as such social institutions have been undermined, if not crushed, by the rise of capitalism in the first place). Thus, ironically, "individualism" produces a "collectivist" tendency within society as capitalism destroys communal forms of social organisation in favour of ones based on abstract individualism, authority, and hierarchy -- all qualities embodied in the state. In a free (i.e. communal) society, social self-defence would not be statist but would be similar in nature to trade unionism and co-operatives -- individuals working together in voluntary associations to ensure a free and just society (see [section I](#)).

In addition to social protection, state intervention is required to protect a country's economy (and so the economic interests of the ruling class). As Noam Chomsky points out, even the USA, home of "free enterprise," was marked by *"large-scale intervention in the economy after independence, and conquest of resources and markets. . . [while] a centralised developmental state [was constructed] committed to [the] creation and entrenchment of domestic manufacture and commerce, subsidising local production and barring cheaper British imports, constructing a legal basis for private corporate power, and in numerous other ways providing an escape from the stranglehold of comparative advantage."* [**World Orders, Old and New**, p. 114]

In the case of Britain and a host of other countries (and more recently in the cases of Japan and the Newly Industrialising Countries of the Far East, like Korea) state intervention was, oddly enough, the key to development and success in the "free market." In other "developing" countries which have had the misfortune to be subjected to "free-market reforms" (e.g. neo-liberal Structural Adjustment Programs) rather than following the interventionist Japanese and Korean models, the results have been devastating for the vast majority, with drastic increases in poverty, homelessness, malnutrition, etc. (for the elite, the results are somewhat different of course).

In the nineteenth century, states only turned to laissez-faire once they could benefit from it and had a strong enough economy to survive it. *"Only in the mid-nineteenth century, when it had become powerful enough to overcome any competition, did England [sic!]*

embrace free trade." [Noam Chomsky, **Op. Cit.**, p. 115] Before this, protectionism and other methods were used to nurture economic development. And once laissez-faire started to undermine a country's economy, it was quickly revoked. For example, protectionism is often used to protect a fragile economy and militarism has always been a favourite way for the ruling elite to help the economy, as is still the case, for example, in the "**Pentagon System**" in the USA (see [section D.8](#)).

State intervention has been a feature of capitalism from the start. As Kropotkin argued, *"nowhere has the system of 'non-intervention of the State' ever existed. Everywhere the State has been, and still is, the main pillar and the creator, direct and indirect, of Capitalism and its powers over the masses. Nowhere, since States have grown up, have the masses had the freedom of resisting the oppression by capitalists. . . The state has **always** interfered in the economic life in favour of the capitalist exploiter. It has always granted him protection in robbery, given aid and support for further enrichment. **And it could not be otherwise.** To do so was one of the functions -- the chief mission -- of the State."* [**Evolution and Environment**, pp. 97-8] Its limited attempts at laissez-faire have always been failures, resulting in a return to its statist roots. The process of selective laissez-faire and collectivism has been as much a feature of capitalism in the past as it is now. Indeed, as Noam Chomsky argues, *"[w]hat is called 'capitalism' is basically a system of corporate mercantilism, with huge and largely unaccountable private tyrannies exercising vast control over the economy, political systems, and social and cultural life, operating in close co-operation with powerful states that intervene massively in the domestic economy and international society. That is*

dramatically true of the United States, contrary to much illusion. The rich and privileged are no more willing to face market discipline than they have been in the past, though they consider it just fine for the general population." ["Anarchism, Marxism and Hope for the Future", **Red and Black Revolution**, issue 2]

Therefore, contrary to conventional wisdom, state intervention will always be associated with capitalism due to: (1) its authoritarian nature; (2) its inability to prevent the anti-social results of the competitive market; (3) its fallacious assumption that society should be "*an accessory to the economic system*"; (4) the class interests of the ruling elite; and (5) the need to impose its authoritarian social relationships upon an unwilling population in the first place.

State intervention is as natural to capitalism as wage labour. As Polyani summarises, "*the countermove against economic liberalism and laissez-faire possessed all the unmistakable characteristics of a spontaneous reaction. . . [and] a closely similar change from laissez-faire to 'collectivism' took place in various countries at a definite stage of their industrial development, pointing to the depth and independence of the underlying causes of the process.*" [Op. Cit., pp. 149-150] For "*government cannot want society to break up, for it would mean that it and the dominant class would be deprived of sources of exploitation; nor can it leave society to maintain itself without official intervention, for then people would soon realise that government serves only to defend property owners. . . and they would hasten to rid themselves of both.*" [Errico Malatesta, **Anarchy**, p. 22]

And neither should it be forgotten that state intervention was required to create the "free" market in the first place. To quote Polyani again, "*[f]or as long as [the market] system is not established, economic liberals must and will unhesitatingly call for the intervention of the state in order to establish it, and once established, in order to maintain it.*" [Op. Cit., p. 149] Protectionism and subsidy (mercantilism) -- along with the liberal use of state violence against the working class -- was required to create and protect capitalism and industry in the first place (see section F.8 - [What role did the state take in the creation of capitalism?](#)).

In short, although laissez-faire may be the ideological basis of capitalism -- the religion that justifies the system -- it has rarely if ever been actually practised. So, while the ideologues are praising "free enterprise" as the fountainhead of modern prosperity, corporations and companies are gorging at the table of the State.

The recent enthusiasm for the "free market" is in fact the product of an extended boom, which in turn was a product of a state co-ordinated war economy and highly interventionist Keynesian economics (a boom that the apologists of capitalism use, ironically, as "evidence" that "capitalism" works) plus an unhealthy dose of nostalgia for a past that never existed. It's strange how a system that has never existed has produced so much!

D.1.1 DOES STATE INTERVENTION CAUSE THE PROBLEMS TO BEGIN WITH?

Usually, no. This does not mean that state intervention cannot have bad effects on the economy or society. Given the state's centralised, bureaucratic nature, it would be impossible for it **not** to have bad effects. State intervention can and does make bad situations worse in many cases. As Malatesta notes, *"the practical evidence [is] that whatever governments do is always motivated by the desire to dominate, and is always geared to defending, extending and perpetuating its privileges and those of the class of which it is both the representative and defender."* [**Anarchy**, p. 21].

However, for economic liberals (or, as we would call them today, neo-liberals or "conservatives"), state intervention is the root of all evil, and for them, it is precisely the state's interference with the market which causes the problems that society blames on the market.

But such a position is illogical, for *"whoever says regulation says limitation: now, how conceive of limiting privilege before it existed? ... [I]t would be an effect without a cause"* and so *"regulation was a corrective to privilege"* and not vice versa. [P-J Proudhon, **System of Economic Contradictions**, p. 371] As Polyani explains, the neo-liberal premise is false, because state intervention always *"dealt with some problem arising out of modern industrial conditions or, at any rate, in the market method of dealing with them."* [Karl Polyani, **Op. Cit.**, p. 146] In fact, these "collectivist" measures were usually carried out by convinced supporters of laissez-faire, who were as a rule uncompromising opponents of all forms of socialism (and often introduced to

undermine support for socialist ideas caused by the excesses of "free market" capitalism).

Thus state intervention did not spring out of thin air, but occurred in response to pressing social and economic needs. This can be observed in the mid 19th century, which saw the closest approximation to laissez-faire in the history of capitalism. As Takis Fotopoulos argues, *"the attempt to establish pure economic liberalism, in the sense of free trade, a competitive labour market and the Gold Standard, did not last more than 40 years, and by the 1870s and 1880s, protectionist legislation was back. . . . It was also significant. . . [that all major capitalist powers] passed through a period of free trade and laissez-faire, followed by a period of anti-liberal legislation"* [*"The Nation-state and the Market,"* p. 48, **Society and Nature**, Vol. 3, pp. 44-45].

The reason for the return of protectionist legislation was the Depression of 1873-86, which marked the end of the first experiment with pure economic liberalism. Paradoxically, then, the attempt to liberalise the markets led to more regulation. In light of our previous analysis, this is not surprising. Neither the owners of the country nor the politicians desired to see society destroyed, the result to which unhindered laissez-faire leads. Apologists of capitalism overlook the fact that *"[a]t the beginning of the Depression, Europe had been in the heyday of free trade"* [Polyani, **Op. Cit.**, p. 216]. State intervention came about in response to the social disruptions resulting from laissez-faire. It did not cause them.

Similarly, it is a fallacy to state, as Ludwig Von Mises does, that *"as long as unemployment benefit is paid, unemployment must exist."* This statement is not only

ahistoric but ignores the existence of the **involuntary** unemployment which caused the state to start paying out a dole in order eliminate the possibility of crime as well as working class self-help, which could conceivably have undermined the status quo. The elite was well aware of the danger in workers organising for their own benefit.

Sadly, in pursuing of ideologically correct answers, capitalist apologists often ignore common sense. If one believes people exist for the economy and not the economy for people, one becomes willing to sacrifice people and their society today for the supposed economic benefit of future generations (in reality, current profits). If one accepts the ethics of mathematics, a future increase in the size of the economy is more important than current social disruption. Thus Polyani again: *"a social calamity is primarily a cultural not an economic phenomenon that can be measured by income figures"* [Op. Cit., p. 157]. And it is the nature of capitalism to ignore and despise what cannot be measured.

D.1.2 IS STATE INTERVENTION THE RESULT OF DEMOCRACY?

No. Social and economic intervention by the modern state began long before universal suffrage became widespread. For example, in Britain, "collectivist" measures were introduced when property and sexual restrictions on voting rights still existed. The centralist and hierarchical nature of "representative" democracy means that the population at large has little real control

over politicians, who are far more influenced by big business, business lobby groups, and the state bureaucracy. This means that truly popular and democratic pressures are limited within the capitalist state and the interests of elites are far more decisive in explaining state actions.

The "New Deal" and the post-war Keynesianism measures of limited state intervention to stimulate economic recovery from the Depression were motivated by more material reasons than democracy. Thus Takis Fotopoulos argues that *"[t]he fact . . . that 'business confidence' was at its lowest could go a long way in explaining the much more tolerant attitude of those controlling production towards measures encroaching on their economic power and profits. In fact, it was only when -- and as long as -- state interventionism had the approval of those actually controlling production that it was successful"* [*The Nation-state and the Market*], p. 55, **Society and Nature**, Vol. 3, pp. 44-45]

An example of this principle can be seen in the 1934 Wagner Act in the USA, which gave US labour its first and last political victory. The act made it legal for unions to organise, but this placed labour struggles within the boundaries of legal procedures and so meant that they could be more easily controlled. In addition, this concession was a form of appeasement whose effect was to make those involved in union actions less likely to start questioning the fundamental bases of the capitalist system. Once the fear of a militant labour movement had passed, the Wagner Act was undermined and made powerless by new laws, laws which made illegal the tactics which forced the politicians to pass the Wagner

Act in the first place and increased the powers of bosses over workers.

Needless to say, the implication of classical liberal ideology that popular democracy is a threat to capitalism is the root of the fallacy that democracy leads to state intervention. The notion that by limiting the franchise the rich will make laws which benefit all says more about the classical liberals' touching faith in the altruism of the rich than it does about their understanding of human nature or their grasp of history. The fact that they can join with John Locke and claim with a straight face that all must abide by the rules that only the few make also says a lot about their concept of "freedom."

Of course some of the more modern classical liberals (for example, right-wing libertarians) advocate a "democratic state" which cannot intervene in economic matters. This is no solution, however, as it only gets rid of the statist response to real and pressing social problems caused by capitalism without supplying anything better in its place.

Anarchists agree that the state, due to its centralisation and bureaucracy, crushes the spontaneous nature of society and is a handicap to social progress and evolution. However, leaving the market alone to work its course fallaciously assumes that people will happily sit back and let market forces rip apart their communities and environment. Getting rid of state intervention without getting rid of capitalism and creating a free, communal society would mean that the need for social self-protection would still exist but that there would be even less means of achieving it than now. The results of such a policy, as history shows, would be a catastrophe

for the working class (and the environment, we must add) and beneficial only for the elite (as intended, of course).

The implication of the false premise that democracy leads to state intervention is that the state exists for the benefit of the majority, which uses the state to exploit the rich minority! Amazingly, many capitalist apologists accept this as a valid inference from their premise, even though it's obviously a *reductio ad absurdum* of that premise as well as going against the facts of history.

D.1.3 IS STATE INTERVENTION SOCIALISTIC?

No. Libertarian socialism is about self-liberation and self-management of one's activities. Getting the state to act for us is the opposite of these ideals. In addition, the question implies that socialism is connected with its nemesis, statism, and that socialism means even more bureaucratic control and centralisation. The identification of socialism with the state is something that Stalinists and capitalist apologists **both** agreed upon. However, as we'll see in section [H.2](#), "state socialism" is in reality just state capitalism-- the turning of the world into "*one office and one factory*" (to use Lenin's expression). Little wonder that most sane people join with anarchists in rejecting it. Who wants to work under a system in which, if one does not like the boss (i.e. the state), one cannot even quit?

The theory that state intervention is "creeping socialism" takes the laissez-faire ideology of capitalism at its face value, not realising that it is ideology rather than reality.

Capitalism is a dynamic system and evolves over time, but this does not mean that by moving away from its theoretical starting point it is negating its essential nature and becoming socialistic. Capitalism was born from state intervention, and except for a very short period of laissez-faire which ended in depression, has always depended on state intervention for its existence.

The claim that state intervention is "socialist" also ignores the realities of power concentration under capitalism. Real socialism equalises power by redistributing it to the people, but as Noam Chomsky points out, "*[in] a highly inegalitarian society, it is most unlikely that government programs will be equalisers. Rather, it is to be expected that they will be designed and manipulated by private power for their own benefits; and to a significant degree the expectation is fulfilled*" [**The Chomsky Reader**, p. 184]. "Welfare equals socialism" is nonsense.

Similarly, in Britain and the nationalisation of roughly 20% of the economy (the most unprofitable sections of it as well) in 1945 by the Labour Government was the direct result of ruling class fear, not socialism. As Quintin Hogg, a Tory M.P. at the time, said, "*If you don't give the people social reforms they are going to give you social revolution.*" Memories of the near revolutions across Europe after the First World War were obviously in many minds, on both sides. Not that nationalisation was particularly feared as "socialism." As anarchists at the time noted, "*the real opinions of capitalists can be seen from Stock Exchange conditions and statements of industrialists [rather] than the Tory Front bench. . . [and from these we] see that the owning class is not at all displeased with the record and tendency of the Labour*

Party" [Vernon Richards, ed., **Neither Nationalisation nor Privatisation -- Selections from *Freedom* 1945-1950**, p. 9].

So where do anarchists stand on state intervention? Usually we are against it, although most of us think state health care services and unemployment benefits (for example) are more socially useful than arms production, and in lieu of more anarchistic solutions, better than the alternative of "free market" capitalism. This does not mean we are happy with state intervention, which in practice undermines working class self-help, mutual aid and autonomy. Also, state intervention of the "social" nature is often paternalistic, run by and for the "middle classes" (i.e. professional/managerial types and other self-proclaimed "experts"). However, until such time as a viable anarchist counterculture is created, we have little option but to "support" the lesser evil (but let's make no mistake, it **is** an evil).

This is not to deny that in many ways such state "support" can be used as a means of regaining some of the power and labour stolen from us by capitalists in the first place. State intervention **can** give working people more options than they otherwise would have. If state action could not be used in this way, it is doubtful that capitalists and their hired "experts" would spend so much time trying to undermine and limit it. As the capitalist class happily uses the state to enforce its power and property rights, working people making whatever use they can of it is to be expected. Be that as it may, this does not blind anarchists to the negative aspects of the welfare state and other forms of state intervention (see section [J.5.15](#) for anarchist perspectives on the welfare state).

One problem with state intervention, as Kropotkin saw, is that the state's absorption of social functions *"necessarily favoured the development of an unbridled, narrow-minded individualism. In proportion as the obligations towards the State grew in numbers, the citizens were evidently relieved from their obligations towards each other"* [**Mutual Aid**, p. 183]. In the case of state "social functions," such as the British National Health Service, although they were created as a **result** of the social atomisation caused by capitalism, they have tended to **reinforce** the individualism and lack of personal and social responsibility that produced the need for such action in the first place. (Forms of community and social self-help and their historical precedents will be discussed in section [J.5.16](#)).

The example of nationalised industries is a good indicator of the non-socialist nature of state intervention. Nationalisation meant replacing the capitalist bureaucrat with a state one, with little real improvement for those subjected to the "new" regime. At the height of the British Labour Party's post-war nationalisations, anarchists were pointing out its anti-socialist nature. Nationalisation was *"really consolidating the old individual capitalist class into a new and efficient class of managers to run. . . state capitalism"* by *"installing the really creative industrialists in dictatorial managerial positions"* [Vernon Richards, **Op. Cit.**, p. 10].

Anarchists are in favour of self-directed activity and direct action to get improvements and defend reforms in the here and now. By organising strikes and protests ourselves, we can improve our lives. This does not mean that using direct action to get favourable laws passed or

less-favourable ones revoked is a waste of time. Far from it. However, unless ordinary people use their own strength and grassroots organisations to enforce the law, the state and employers will honour any disliked law purely in the breach. By trusting the state, social self-protection against the market and power concentrations becomes hollow. In the end, what the state gives (or is pressurised into giving), it can take away but what we create and run ourselves is always responsive to **our** desires and interests. We have seen how vulnerable state welfare is to pressures from the capitalist class to see that this is a truism.

D.2 WHAT INFLUENCE DOES WEALTH HAVE OVER POLITICS?

The short answer is: a great deal of influence, directly and indirectly. We have already touched on this in section B.2.3 (["How does the ruling class maintain control of the state?"](#)) Here we will expand on those remarks.

State policy in a capitalist democracy is usually well-insulated from popular influence but very open to elite influence and money interests. Let's consider the possibility of direct influence first. It's obvious that elections cost money and that only the rich and corporations can realistically afford to take part in a major way. Even union donations to political parties cannot effectively compete with those from the business classes. For example, in the 1972 US presidential elections, of the \$500 million spent, only about \$13 million came from trade unions. The vast majority of the rest undoubtedly came from Big Business and wealthy individuals. For the 1956 elections, the last year for which direct union-business comparisons are possible, the contributions of 742 businessmen matched those of unions representing 17 million workers. And this was at a time when unions had large memberships and before the decline of organised labour.

Therefore, logically, politics will be dominated by the rich and powerful -- in fact if not in theory -- since only the rich can afford to run and only parties supported by the wealthy will gain enough funds and favourable press coverage to have a chance (see section D.3, ["How does wealth influence the mass media?"](#)). Even in countries with strong union movements which support labour-

based parties, the political agenda is dominated by the media. As the media are owned by and dependent upon advertising from business, it is hardly surprising that independent labour-based political agendas are difficult to follow or be taken seriously. Moreover, the funds available for labour parties are always less than those of capitalist supported parties, meaning that the ability of the former to compete in "fair" elections is hindered. And this is ignoring the fact that the state structure is designed to ensure that real power lies not in the hands of elected representatives but rather in the hands of the state bureaucracy (see [section J.2.2](#)) which ensures that any pro-labour political agenda will be watered down and made harmless to the interests of the ruling class.

To this it must be added that wealth has a massive **indirect** influence over politics (and so over society and the law). We have noted above that wealth controls the media and their content. However, beyond this there is what can be called "Investor Confidence," which is another important source of influence. If a government starts to pass laws or act in ways that conflict with the desires of business, capital may become reluctant to invest (and may even disinvest and move elsewhere). The economic downturn that results will cause political instability, giving the government no choice but to regard the interests of business as privileged. "What is good for business" really is good for the country, because if business suffers, so will everyone else.

David Noble provides a good summary of the effects of such indirect pressures when he writes firms *"have the ability to transfer production from one country to another, to close a plant in one and reopen it elsewhere, to direct and redirect investment wherever the 'climate'*

is most favourable [to business]. . . . [I]t has enabled the corporation to play one workforce off against another in the pursuit of the cheapest and most compliant labour (which gives the misleading appearance of greater efficiency). . . . [I]t has compelled regions and nations to compete with one another to try and attract investment by offering tax incentives, labour discipline, relaxed environmental and other regulations and publicly subsidised infrastructure. . . . Thus has emerged the great paradox of our age, according to which those nations that prosper most (attract corporate investment) by most readily lowering their standard of living (wages, benefits, quality of life, political freedom). The net result of this system of extortion is a universal lowering of conditions and expectations in the name of competitiveness and prosperity." [Progress Without People, pp. 91-92]

And, we must note, even when a country **does** lower its standard of living to attract investment or encourage its own business class to invest (as the USA and UK did by means of recession to discipline the workforce by high unemployment), it is no guarantee that capital will stay. US workers have seen their companies' profits rise while their wages have stagnated and (in reward) hundreds of thousands have been "down-sized" or seen their jobs moved to Mexico or South East Asia sweatshops. In the far east, Japanese, Hong Kong, and South Korean workers have also seen their manufacturing jobs move to low wage (and more repressive/authoritarian) countries such as China and Indonesia.

As well as the mobility of capital, there is also the threat posed by public debt. As Doug Henwood notes, "[p]ublic debt is a powerful way of assuring that the

state remains safely in capital's hands. The higher a government's debt, the more it must please its bankers. Should bankers grow displeased, they will refuse to roll over old debts or to extend new financing on any but the most punishing terms (if at all). The explosion of [US] federal debt in the 1980s vastly increased the power of creditors to demand austere fiscal and monetary policies to dampen the US economy as it recovered . . . from the 1989-92 slowdown." [Wall Street, pp. 23-24] And, we must note, Wall street made a fortune on the debt, directly and indirectly.

Commenting on Clinton's plans for the devolution of welfare programmes from Federal to State government in America, Noam Chomsky makes the important point that *"under conditions of relative equality, this could be a move towards democracy. Under existing circumstances, devolution is intended as a further blow to the eroding democratic processes. Major corporations, investment firms, and the like, can constrain or directly control the acts of national governments and can set one national workforce against another. But the game is much easier when the only competing player that might remotely be influenced by the 'great beast' is a state government, and even middle-sized enterprise can join in. The shadow cast by business [over society and politics] can thus be darker, and private power can move on to greater victories in the name of freedom."* [Noam Chomsky, "Rollback III", **Z Magazine**, March, 1995]

Economic blackmail is a very useful weapon in deterring freedom.

D.2.1 IS CAPITAL FLIGHT REALLY THAT POWERFUL?

Yes. By capital flight, business can ensure that any government which becomes too independent and starts to consider the interests of those who elected it will be put back into its place. Therefore we cannot expect a different group of politicians to react in different ways to the same institutional influences and interests. It's no coincidence that the Australian Labour Party and the Spanish Socialist Party introduced "Thatcherite" policies at the same time as the "Iron Lady" implemented them in Britain. The New Zealand Labour government is a case in point, where *"within a few months of re-election [in 1984], finance minister Roger Douglas set out a programme of economic 'reforms' that made Thatcher and Reagan look like wimps. . . .[A]lmost everything was privatised and the consequences explained away in marketspeak. Division of wealth that had been unknown in New Zealand suddenly appeared, along with unemployment, poverty and crime."* [John Pilger, *"Breaking the one party state," New Statesman*, 16/12/94]

An extreme example of capital flight being used to "discipline" a naughty administration can be seen in the 1974 to '79 Labour government in Britain. In January, 1974, the FT Index for the London Stock Exchange stood at 500 points. In February, the Miner's went on strike, forcing Heath (the Tory Prime Minister) to hold (and lose) a general election. The new Labour government (which included many left-wingers in its cabinet) talked about nationalising the banks and much heavy industry. In August, 1974, Tony Benn announced plans to nationalise the ship building industry. By December, the FT index had fallen to 150 points. By

1976 the Treasury was spending \$100 million a day buying back its own money to support the pound [**The Times**, 10/6/76].

The Times noted that *"the further decline in the value of the pound has occurred despite the high level of interest rates. . . . [D]ealers said that selling pressure against the pound was not heavy or persistent, but there was an almost total lack of interest amongst buyers. The drop in the pound is extremely surprising in view of the unanimous opinion of bankers, politicians and officials that the currency is undervalued."* [27/5/76]

The Labour government, faced with the power of international capital, ended up having to receive a temporary "bailing out" by the IMF, which imposed a package of cuts and controls, to which Labour's response was, in effect, *"We'll do anything you say,"* as one economist described. The social costs of these policies were disastrous, with unemployment rising to the then unheard-of-height of one million. And let's not forget that they *"cut expenditure by twice the amount the IMF were promised"* in an attempt to appear business-friendly. it [Peter Donaldson, **A Question of Economics**, p. 89]

Capital will not invest in a country that does not meet its approval. In 1977, the Bank of England failed to get the Labour government to abolish its exchange controls. Between 1979 and 1982 the Tories abolished them and ended restrictions on lending for banks and building societies:

"The result of the abolition of exchange controls was visible almost immediately:

*capital hitherto invested in the U.K. began going abroad. In the **Guardian** of 21 September, 1981, Victor Keegan noted that 'Figures published last week by the Bank of England show that pension funds are now investing 25% of their money abroad (compared with almost nothing a few years ago) and there has been no investment at all (net) by unit trusts in the UK since exchange controls were abolished'" [Robin Ramsay, **Lobster** no. 27, p. 3].*

Why? What was so bad about the UK? Simply stated, the working class was too militant, the trade unions were not "*shackled by law and subdued*," as **The Economist** recently put it [February 27, 1993], and the welfare state could be lived on. The partial gains from previous struggles still existed, and people had enough dignity not to accept any job offered or put up with an employer's authoritarian practices. These factors created "inflexibility" in the labour market, so that the working class had to be taught a lesson in "good" economics.

By capital flight a rebellious population and a slightly radical government were brought to heel.

D.2.2 HOW EXTENSIVE IS BUSINESS PROPAGANDA?

Business spends a lot of money to ensure that people accept the status quo. Referring again to the US as an example (where such techniques are common), various means are used to get people to identify "free enterprise"

(meaning state-subsidised private power with no infringement of managerial prerogatives) as "the American way." The success of these campaigns is clear, since many working people now object to unions as having too much power or irrationally rejecting all radical ideas as "Communism" regardless of their content.

By 1978, American business was spending \$1 billion a year on grassroots propaganda (known as "Astroturf" by PR insiders, to reflect the appearance of popular support, without the substance, and "grasstops" whereby influential citizens are hired to serve as spokespersons for business interests). In 1983, there existed 26 general purpose foundations for this purpose with endowments of \$100 million or more, as well as dozens of corporate foundations. These, along with media power, ensure that force -- always an inefficient means of control -- is replaced by the "manufacture of consent": the process whereby the limits of acceptable expression are defined by the wealthy.

This process has been going on for some time. For example *"[i]n April 1947, the Advertising Council announced a \$100 million campaign to use all media to 'sell' the American economic system -- as they conceived it -- to the American people; the program was officially described as a 'major project of educating the American people about the economic facts of life.' Corporations 'started extensive programs to indoctrinate employees,' the leading business journal **Fortune** reported, subjected their captive audiences to 'Courses in Economic Education' and testing them for commitment to the 'free enterprise system -- that is, Americanism.' A survey conducted by the American Management Association*

(AMA) found that many corporate leaders regarded 'propaganda' and 'economic education' as synonymous, holding that 'we want our people to think right'. . . [and that] 'some employers view. . . [it] as a sort of 'battle of loyalties' with the unions' -- a rather unequal battle, given the resources available." [Noam Chomsky, **World Orders, Old and New**, pp. 89-90]

Various institutions are used to get Big Business's message across, for example, the Joint Council on Economic Education, ostensibly a charitable organisation, funds economic education for teachers and provides books, pamphlets and films as teaching aids. In 1974, 20,000 teachers participated in its workshops. The aim is to induce teachers to present corporations in an uncritical light to their students. Funding for this propaganda machine comes from the American Bankers Association, AT&T, the Sears Roebuck Foundation and the Ford Foundation.

As G. William Domhoff points out, *"[a]lthough it [and other bodies like it] has not been able to bring about active acceptance of all power elite policies and perspectives, on economic or other domestic issues, it has been able to ensure that opposing opinions have remained isolated, suspect and only partially developed."* [**Who Rules America Now?**, pp. 103-4] In other words, "unacceptable" ideas are marginalised, the limits of expression defined, and all within a society apparently based on "the free marketplace of ideas."

The effects of this business propaganda are felt in all other aspects of life, ensuring that while the US business class is extremely class conscious, the rest of the American population considers "class" a swear word!

D.3 HOW DOES WEALTH INFLUENCE THE MASS MEDIA?

Anarchists have developed detailed and sophisticated analyses of how the wealthy and powerful use the media to propagandise in their own interests. Perhaps the best of these analyses is the "***Propaganda Model***" expounded in **Manufacturing Consent** by Noam Chomsky and Edward Herman, whose main theses we will summarise in this section (See also Chomsky's **Necessary Illusions** for a further discussion of this model of the media).

Chomsky and Herman's "propaganda model" of the media postulates a set of five "*filters*" that act to screen the news and other material disseminated by the media. These "filters" result in a media that reflects elite viewpoints and interests and mobilises "*support for the special interests that dominate the state and private activity.*" [**Manufacturing Consent**, p. xi]. These "filters" are: (1) the size, concentrated ownership, owner wealth, and profit orientation of the dominant mass-media firms; (2) advertising as the primary income source of the mass media; (3) the reliance of the media on information provided by government, business, and "experts" funded and approved by these primary sources and agents of power; (4) "flak" (negative responses to a media report) as a means of disciplining the media; and (5) "anticommunism" as a national religion and control mechanism.

"The raw material of news must pass through successive filters leaving only the cleansed residue fit to print," Chomsky and Herman maintain. The filters "*fix the*

premises of discourse and interpretation, and the definition of what is newsworthy in the first place, and they explain the basis and operations of what amount to propaganda campaigns" [Manufacturing Consent, p. 2]. We will briefly consider the nature of these five filters below (examples are mostly from the US media).

We stress again, before continuing, that this is a **summary** of Herman's and Chomsky's thesis and we cannot hope to present the wealth of evidence and argument available in either **Manufacturing Consent** or **Necessary Illusions**. We recommend either of these books for more information on and evidence to support the "propaganda model" of the media.

D.3.1 HOW DOES THE SIZE, CONCENTRATED OWNERSHIP, OWNER WEALTH, AND PROFIT ORIENTATION OF THE DOMINANT MASS-MEDIA FIRMS AFFECT MEDIA CONTENT?

Even a century ago, the number of media with any substantial outreach was limited by the large size of the necessary investment, and this limitation has become increasingly effective over time. As in any well developed market, this means that there are very effective **natural** barriers to entry into the media industry. Due to this process of concentration, the ownership of the major media has become increasingly concentrated in fewer and fewer hands. As Ben Bagdikian's stresses in his book **Media Monopoly**, the 29 largest media systems account for over half of the output of all newspapers, and most of the sales and audiences in magazines, broadcasting, books, and movies. The "*top tier*" of these -- somewhere between 10

and 24 systems -- along with the government and wire services, *"defines the news agenda and supplies much of the national and international news to the lower tiers of the media, and thus for the general public"* [**Ibid.**, p. 5]

The twenty-four top-tier companies are large, profit-seeking corporations, owned and controlled by very wealthy people. Many of these companies are fully integrated into the financial market, with the result that the pressures of stockholders, directors, and bankers to focus on the bottom line are powerful. These pressures have intensified in recent years as media stocks have become market favourites and as deregulation has increased profitability and so the threat of take-overs.

The media giants have also diversified into other fields. For example GE, and Westinghouse, both owners of major television networks, are huge, diversified multinational companies heavily involved in the controversial areas of weapons production and nuclear power. GE and Westinghouse depend on the government to subsidise their nuclear power and military research and development, and to create a favourable climate for their overseas sales and investments. Similar dependence on the government affect other media.

Because they are large corporations with international investment interests, the major media tend to have a right-wing political bias. In addition, members of the business class own most of the mass media, the bulk of which depends for their existence on advertising revenue (which in turn comes from private business). Business also provides a substantial share of "experts" for news programmes and generates massive "flak." Claims that they are "left-leaning" are sheer disinformation

manufactured by the "flak" organisations described below.

Thus Herman and Chomsky:

"the dominant media forms are quite large businesses; they are controlled by very wealthy people or by managers who are subject to sharp constraints by owners and other market-profit-oriented forces; and they are closely interlocked, and have important common interests, with other major corporations, banks, and government. This is the first powerful filter that effects news choices." [Ibid., p. 14]

Needless to say, reporters and editors will be selected based upon how well their work reflects the interests and needs of their employers. Thus a radical reporter and a more mainstream one both of the same skills and abilities would have very different careers within the industry. Unless the radical reporter toned down their copy, they are unlikely to see it printed unedited or unchanged. Thus the structure within the media firm will tend to penalise radical viewpoints, encouraging an acceptance of the status quo in order to further a career. This selection process ensures that owners do not need to order editors or reporters what to do -- to be successful they will have to internalise the values of their employers.

D.3.2 WHAT IS THE EFFECT OF ADVERTISING AS THE PRIMARY INCOME SOURCE OF THE MASS MEDIA?

The main business of the media is to sell audiences to advertisers. Advertisers thus acquire a kind of de facto licensing authority, since without their support the media would cease to be economically viable. And it is **affluent** audiences that get advertisers interested. As Chomsky and Herman put it, *"The idea that the drive for large audiences makes the mass media 'democratic' thus suffers from the initial weakness that its political analogue is a voting system weighted by income!"* [Ibid., p.16].

Political discrimination is therefore structured into advertising allocations by the emphasis on people with money to buy. In addition, *"many companies will always refuse to do business with ideological enemies and those whom they perceive as damaging their interests."* Thus overt discrimination adds to the force of the *"voting system weighted by income."* Accordingly, large corporate advertisers almost never sponsor programs that contain serious criticisms of corporate activities, such as negative ecological impacts, the workings of the military-industrial complex, or corporate support of and benefits from Third World dictatorships. More generally, advertisers will want *"to avoid programs with serious complexities and disturbing controversies that interfere with the 'buying mood.'"* [Ibid., p. 18].

This also has had the effect of placing working class and radical papers at a serious disadvantage. Without access to advertising revenue, even the most popular paper will fold or price itself out of the market. Chomsky and Herman cite the UK pro-labour and pro-union **Daily**

Herald as an example of this process. The Daily Herald had almost double the readership of **The Times**, the **Financial Times** and **The Guardian** combined, but even with 8.1% of the national circulation it got 3.5% of net advertising revenue and so could not survive on the "free market".

As Herman and Chomsky note, a *"mass movement without any major media support, and subject to a great deal of active press hostility, suffers a serious disability, and struggles against grave odds."* [**Ibid.**, pp. 15-16] With the folding of the **Daily Herald**, the labour movement lost its voice in the mainstream media.

Thus advertising is an effective filter for new choice (and, indeed, survival in the market).

D.3.3 WHY DO THE MEDIA RELY ON INFORMATION PROVIDED BY GOVERNMENT, BUSINESS, AND "EXPERTS" FUNDED AND APPROVED BY GOVERNMENT AND BUSINESS?

Two of the main reasons for the media's reliance on such sources are economy and convenience: Bottom-line considerations dictate that the media concentrate their resources where important news often occurs, where rumours and leaks are plentiful, and where regular press conferences are held. The White House, Pentagon, and the State Department, in Washington, D.C., are centres of such activity.

Government and corporate sources also have the great merit of being recognisable and credible by their status and prestige; moreover, they have the most money

available to produce a flow of news that the media can use. For example, the Pentagon has a public-information service employing many thousands of people, spending hundreds of millions of dollars every year, and far outspending not only the public-information resources of any dissenting individual or group but the **aggregate** of such groups.

Only the corporate sector has the resources to produce public information and propaganda on the scale of the Pentagon and other government bodies. The Chamber of Commerce, a business **collective**, had a 1983 budget for research, communications, and political activities of \$65 million. Besides the US Chamber of Commerce, there are thousands of state and local chambers of commerce and trade associations also engaged in public relations and lobbying activities.

To maintain their pre-eminent position as sources, government and business-news agencies expend much effort to make things easy for news organisations. They provide the media organisations with facilities in which to gather, give journalists advance copies of speeches and upcoming reports; schedule press conferences at hours convenient for those needing to meet news deadlines; write press releases in language that can be used with little editing; and carefully organise press conferences and "photo opportunity" sessions. This means that, in effect, the large bureaucracies of the power elite **subsidise** the mass media by contributing to a reduction of the media's costs of acquiring the raw materials of, and producing, news. In this way, these bureaucracies gain special access to the media.

Thus "[e]conomics dictates that they [the media] concentrate their resources where significant news often occurs, where important rumours and leaks abound, and where regular press conferences are held. . . [Along with state bodies] business corporations and trade groups are also regular purveyors of stories deemed newsworthy. These bureaucracies turn out a large volume of material that meets the demands of news organisations for reliable, scheduled flows." [**Ibid.**, pp. 18-19]

The dominance of official sources would, of course, be weakened by the existence of highly respectable unofficial sources that gave dissident views with great authority. To alleviate this problem, the power elite uses the strategy of "*co-opting the experts*" -- that is, putting them on the payroll as consultants, funding their research, and organising think tanks that will hire them directly and help disseminate the messages deemed essential to elite interests. "Experts" on TV panel discussions and news programs are often drawn from such organisations, whose funding comes primarily from the corporate sector and wealthy families -- a fact that is, of course, never mentioned on the programs where they appear.

D.3.4 HOW IS "FLAK" USED BY THE WEALTHY AND POWERFUL AS A MEANS OF DISCIPLINING THE MEDIA?

"Flak" refers to negative responses to a media statement or program. Such responses may be expressed as phone calls, letters, telegrams, e-mail messages, petitions, lawsuits, speeches, bills before Congress, or other modes of complaint, threat, or punishment. Flak may be

generated by organisations or it may come from the independent actions of individuals. Large-scale flak campaigns, either by organisations or individuals with substantial resources, can be both uncomfortable and costly to the media.

Advertisers are very concerned to avoid offending constituencies who might produce flak, and their demands for inoffensive programming exerts pressure on the media to avoid certain kinds of facts, positions, or programs that are likely to call forth flak. The most deterrent kind of flak comes from business and government, who have the funds to produce it on a large scale.

For example, during the 1970s and 1980s, the corporate community sponsored the creation of such institutions as the American Legal Foundation, the Capital Legal Foundation, the Media Institute, the Center for Media and Public Affairs, and Accuracy in Media (AIM), which may be regarded as organisations designed for the specific purpose of producing flak. Freedom House is an older US organisation which had a broader design but whose flak-producing activities became a model for the more recent organisations.

The Media Institute, for instance, was set up in 1972 and is funded by wealthy corporate patrons, sponsoring media monitoring projects, conferences, and studies of the media. The main focus of its studies and conferences has been the alleged failure of the media to portray business accurately and to give adequate weight to the business point of view, but it also sponsors works such as John Corry's "expose" of alleged left-wing bias in the mass media.

The government itself is a major producer of flak, regularly attacking, threatening, and "correcting" the media, trying to contain any deviations from the established propaganda lines in foreign or domestic policy.

And, we should note, while the flak machines steadily attack the media, the media treats them well. While effectively ignoring radical critiques (such as the "propaganda model"), flak receives respectful attention and their propagandistic role and links to corporations and a wider right-wing program rarely mentioned or analysed.

D.3.5 WHY DO THE POWER ELITE USE "ANTICOMMUNISM" AS A NATIONAL RELIGION AND CONTROL MECHANISM?

"Communism," or indeed any form of socialism, is of course regarded as the ultimate evil by the corporate rich, since the ideas of collective ownership of productive assets, giving workers more bargaining power, or allowing ordinary citizens more voice in public policy decisions threatens the very root of the class position and superior status of the elite.

Hence the ideology of anticommunism has been very useful, because it can be used to discredit anybody advocating policies regarded as harmful to corporate interests. It also helps to divide the Left and labour movements, justifies support for pro-US right-wing regimes abroad as "lesser evils" than communism, and discourages liberals from opposing such regimes for fear of being branded as heretics from the national religion.

Since the end of the Cold War, anti-communism has not been used as extensively as it once was to mobilise support for elite crusades. Instead, the "Drug War" or "anti-terrorism" now often provide the public with "official enemies" to hate and fear. Thus the Drug War was the excuse for the Bush administration's invasion of Panama, and "fighting narco-terrorists" has more recently been the official reason for shipping military hardware and surveillance equipment to Mexico (where it's actually being used against the Zapatista rebels in Chiapas, whose uprising is threatening to destabilise the country and endanger US investments).

Of course there are still a few official communist enemy states, like North Korea, Cuba, and China, and abuses or human rights violations in these countries are systematically played up by the media while similar abuses in client states are downplayed or ignored. Chomsky and Herman refer to the victims of abuses in enemy states as **worthy victims**, while victims who suffer at the hands of US clients or friends are **unworthy victims**. Stories about worthy victims are often made the subject of sustained propaganda campaigns, to score political points against enemies.

"If the government of corporate community and the media feel that a story is useful as well as dramatic, they focus on it intensively and use it to enlighten the public. This was true, for example, of the shooting down by the Soviets of the Korean airliner KAL 007 in early September 1983, which permitted an extended campaign of denigration of an official enemy and greatly advanced Reagan administration arms plans."

*"In sharp contrast, the shooting down by Israel of a Libyan civilian airliner in February 1973 led to no outcry in the West, no denunciations for 'cold-blooded murder,' and no boycott. This difference in treatment was explained by the **New York Times** precisely on the grounds of utility: 'No useful purpose is served by an acrimonious debate over the assignment of blame for the downing of a Libyan airliner in the Sinai peninsula last week.' There **was** a very 'useful purpose' served by focusing on the Soviet act, and a massive propaganda campaign ensued."* [Ibid., p. 32]

D.3.6 ISN'T IT A "CONSPIRACY THEORY" TO SUGGEST THAT THE MEDIA ARE USED AS PROPAGANDA INSTRUMENTS BY THE ELITE?

Chomsky and Herman address this charge in the Preface to **Manufacturing Consent**: *"Institutional critiques such as we present in this book are commonly dismissed by establishment commentators as 'conspiracy theories,' but this is merely an evasion. We do not use any kind of 'conspiracy' hypothesis to explain mass-media performance. In fact, our treatment is much closer to a 'free market' analysis, with the results largely an outcome of the workings of market forces."*

They go on to suggest what some of these "market forces" are. One of the most important is the weeding-out process that determines who gets the journalistic jobs in the major media. *"Most biased choices in the media arise from the preselection of right-thinking people, internalised preconceptions, and the adaptation of*

personnel to the constraints of ownership, organisation, market, and political power."

In other words, important media employees learn to internalise the values of their bosses. *"Censorship is largely self-censorship, by reporters and commentators who adjust to the realities of source and media organisational requirements, and by people at higher levels within media organisations who are chosen to implement, and have usually internalised, the constraints imposed by proprietary and other market and governmental centres of power."* [Ibid., p. xii].

But, it may be asked, isn't it still a conspiracy theory to suggest that media leaders all have similar values? Not at all. Such leaders *"do similar things because they see the world through the same lenses, are subject to similar constraints and incentives, and thus feature stories or maintain silence together in tacit collective action and leader-follower behaviour."* [Ibid.]

The fact that media leaders share the same fundamental values does not mean, however, that the media are a solid monolith on all issues. The powerful often disagree on the tactics needed to attain generally shared aims, and this gets reflected in media debate. But views that challenge the legitimacy of those aims or suggest that state power is being exercised in elite interests rather than the "national" interest" will be excluded from the mass media.

Therefore the "propaganda model" has as little in common with a "conspiracy theory" as saying that the management of General Motors acts to maintain and increase its profits.

D.3.7 ISN'T THE "PROPAGANDA THESIS" ABOUT THE MEDIA
CONTRADICTED BY THE "ADVERSARIAL" NATURE OF
MUCH MEDIA REPORTING, E.G. ITS EXPOSES OF
GOVERNMENT AND BUSINESS CORRUPTION?

As noted above, the claim that the media are "adversarial" or (more implausibly) that they have a "left-wing bias" is due to right-wing PR organisations. This means that some "inconvenient facts" are occasionally allowed to pass through the filters in order to give the **appearance** of "objectivity"-- precisely so the media can deny charges of engaging in propaganda. As Chomsky and Herman put it: *"the 'naturalness' of these processes, with inconvenient facts allowed sparingly and within the proper framework of assumptions, and fundamental dissent virtually excluded from the mass media (but permitted in a marginalised press), makes for a propaganda system that is far more credible and effective in putting over a patriotic agenda than one with official censorship"* [**Ibid.**, Preface].

To support their case against the "adversarial" nature of the media, Herman and Chomsky look into the claims of such right-wing media PR machines as Freedom House. However, it is soon discovered that *"the very examples offered in praise of the media for their independence, or criticism of their excessive zeal, illustrate exactly the opposite."* [**Ibid.**] Such flak, while being worthless as serious analysis, does help to reinforce the myth of an "adversarial media" (on the right the *"existing level of subordination to state authority is often deemed unsatisfactory"* and **this** is the source of their criticism! [**Ibid.**, p. 301]) and so is taken seriously by the media.

Therefore the "adversarial" nature of the media is a myth, but this is not to imply that the media does not present critical analysis. Herman and Chomsky in fact argue that the *"mass media are not a solid monolith on all issues."* [**Ibid.**, p. xii] and do not deny that it does present facts (which they do sometimes themselves cite). But, as they argue, *"[t]hat the media provide some facts about an issue. . . proves absolutely nothing about the adequacy or accuracy of that coverage. The mass media do, in fact, literally suppress a great deal . . . But even more important in this context is the question given to a fact - its placement, tone, and repetitions, the framework within which it is presented, and the related facts that accompany it and give it meaning (or provide understanding) . . . there is no merit to the pretence that because certain facts may be found by a diligent and sceptical researcher, the absence of radical bias and de facto suppression is thereby demonstrated."* [**Ibid.**, pp xiv-xv]

D.4 WHAT IS THE RELATIONSHIP BETWEEN CAPITALISM AND THE ECOLOGICAL CRISIS?

Environmental damage has reached alarming proportions. Almost daily there are new upwardly revised estimates of the severity of global warming, ozone destruction, topsoil loss, oxygen depletion from the clearing of rain forests, acid rain, toxic wastes and pesticide residues in food and water, the accelerating extinction rate of natural species, etc., etc. Some scientists now believe that there may be as little as 35 years to act before vital ecosystems are irreparably damaged and massive human die-offs begin [Donella M. Meadows, Dennis L. Meadows, and Jorgen Randers, **Beyond the Limits: Confronting Global Collapse, Envisioning a Sustainable Future**, Chelsea Green Publishing Company, 1992]. Or, as Kirkpatrick Sale puts it, *"the planet is on the road to, perhaps on the verge of, global ecocide"* [*"Bioregionalism -- A Sense of Place," The Nation* 12: 336-339].

Many anarchists see the ecological crisis as rooted in the psychology of domination, which emerged with the rise of patriarchy, slavery, and the first primitive states during the Late Neolithic. Murray Bookchin, one of the pioneers of eco-anarchism (see [section E](#)), points out that *"[t]he hierarchies, classes, propertied forms, and statist institutions that emerged with social domination were carried over conceptually into humanity's relationship with nature. Nature too became increasingly regarded as a mere resource, an object, a raw material to be exploited as ruthlessly as slaves on a latifundium."* [**Toward an Ecological Society** p. 41]. In his view, without uprooting the psychology of domination, all

attempts to stave off ecological catastrophe are likely to be mere palliatives and so doomed to failure.

Bookchin argues that *"the conflict between humanity and nature is an extension of the conflict between human and human. Unless the ecology movement encompasses the problem of domination in all its aspects, it will contribute **nothing** toward eliminating the root causes of the ecological crisis of our time. If the ecology movement stops at mere reformism in pollution and conservation control - at mere 'environmentalism' - without dealing radically with the need for an expanded concept of revolution, it will merely serve as a safety valve for the existing system of natural and human exploitation."* [Ibid., p. 43]

Since capitalism is the vehicle through which the psychology of domination finds its most ecologically destructive outlet, most eco-anarchists give the highest priority to dismantling capitalism. *"Literally, the system in its endless devouring of nature will reduce the entire biosphere to the fragile simplicity of our desert and arctic biomes. We will be reversing the process of organic evolution which has differentiated flora and fauna into increasingly complex forms and relationships, thereby creating a simpler and less stable world of life. The consequences of this appalling regression are predictable enough in the long run -- the biosphere will become so fragile that it will eventually collapse from the standpoint human survival needs and remove the organic preconditions for human life. That this will eventuate from a society based on production for the sake of production is . . . merely a matter of time, although when it will occur is impossible to predict."* [Ibid., p. 68]

It's important to stress that capitalism must be **eliminated** because it **cannot** reform itself so as to become "environment friendly," contrary to the claims of so-called "green" capitalists. This is because *"[c]apitalism not only validates precapitalist notions of the domination of nature, . . . it turns the plunder of nature into society's law of life. To quibble with this kind of system about its values, to try to frighten it with visions about the consequences of growth is to quarrel with its very metabolism. One might more easily persuade a green plant to desist from photosynthesis than to ask the bourgeois economy to desist from capital accumulation."* [Ibid., p. 66]

Thus capitalism causes ecological destruction because it is based upon domination (of human over human and so humanity over nature) and continual, endless growth (for without growth, capitalism would die).

D.4.1 WHY MUST CAPITALIST FIRMS "GROW OR DIE?"

Industrial production has increased fifty fold since 1950. Obviously such expansion in a finite environment cannot go on indefinitely without disastrous consequences. Yet, as the quotation above suggests, it is impossible **in principle** for capitalism to kick its addiction to growth. It is important to understand why.

Capitalism is based on production for profit. In order to stay profitable, a firm must be able to produce goods and services cheaply enough to compete with other firms in the same industry. If one firm increases its productivity (as all firms must try to do), it will be able to produce

more cheaply, thus undercutting its competition and capturing more market share, until eventually it forces less profitable firms into bankruptcy. Moreover, as companies with higher productivity/profitability expand, they often realise economies of scale (e.g. getting bulk rates on larger quantities of raw materials), thus giving them even more of a competitive advantage over less productive/profitable enterprises. Hence, constantly increasing productivity is essential for survival.

There are two ways to increase productivity, either by increasing the exploitation of workers (e.g. longer hours and/or more intense work for the same amount of pay) or by introducing new technologies that reduce the amount of labour necessary to produce the same product or service. Due to the struggle of workers to prevent increases in the level of their exploitation, new technologies are the main way that productivity is increased under capitalism (though of course capitalists are always looking for ways to increase the exploitation of workers on a given technology by other means as well).

But new technologies are expensive, which means that in order to pay for continuous upgrades, a firm must continually sell **more** of what it produces, and so must keep expanding its capital (machinery, floor space, workers, etc.). Indeed, to stay in the same place under capitalism is to tempt crisis - thus a firm must always strive for more profits and thus must always expand and invest. In other words, in order to survive, a firm must constantly expand and upgrade its capital and production levels so it can sell enough to **keep** expanding and upgrading its capital -- i.e. "grow or die," or "production for the sake of production."

Thus it is impossible in principle for capitalism to solve the ecological crisis, because "grow or die" is inherent in its nature:

"To speak of 'limits to growth' under a capitalistic market economy is as meaningless as to speak of limits of warfare under a warrior society. The moral pieties, that are voiced today by many well-meaning environmentalists, are as naive as the moral pieties of multinationals are manipulative. Capitalism can no more be 'persuaded' to limit growth than a human being can be 'persuaded' to stop breathing. Attempts to 'green' capitalism, to make it 'ecological', are doomed by the very nature of the system as a system of endless growth."
[Murray Bookchin, **Remaking Society**, pp. 93-94]

As long as capitalism exists, it will **necessarily** continue its *"endless devouring of nature,"* until it removes the *"organic preconditions for human life."* For this reason there can be no compromise with capitalism: We must destroy it before it destroys us. And time is running out.

Capitalists, of course, do not accept this conclusion. Most simply ignore the evidence or view the situation through rose-coloured spectacles, maintaining that ecological problems are not as serious as they seem or that science will find a way to solve them before it's too late. Right libertarians tend to take this approach, but they also argue that a genuinely free market capitalism would provide solutions to the ecological crisis. In [section E](#) we will show why these arguments are unsound and why libertarian socialism is our best hope for preventing ecological catastrophe.

D.5 WHAT CAUSES IMPERIALISM?

In a word: power. Imperialism is the process by which one country dominates another directly, by political means, or indirectly, by economic means.

As we will discuss in the following sections, imperialism has changed over time, particularly during the last one hundred years (where its forms and methods have evolved with the evolving needs of capitalism). But even in the classic days of empire building imperialism was driven by economic forces. In order to make one's state secure, it had to be based on a strong economy; and by increasing the area controlled by the state, one increased the wealth available. Therefore states, by their nature, are expansionist bodies, with those who run them always wanting to increase the range of their power and influence. This can be best seen from the massive number of wars that have occurred in Europe over the last 500 years, as nation-states were created by Kings declaring lands to be their private property.

Here we will focus mainly on modern capitalist imperialism. As power depends on profits within capitalism, this means that modern imperialism is caused more by profit and other economic factors than purely political considerations (although, obviously, this factor does play a role). As will be seen in section [D.5.1](#), imperialism serves capital by increasing the pool of profits available for the imperialistic country in the world market. This is the economic base for imperialism, allowing the import of cheaper raw materials and goods **and** the export of capital from capital-rich areas to capital-poor areas (in order to benefit from lower wages and fewer environmental and social controls and laws).

Both allow profits to be gathered at the expense of the oppressed nation. In addition, having an empire means that products produced cheaply at home can be easily dumped into foreign markets with less developed industry, undercutting locally produced goods and consequently destroying the local economy along with the society and culture based on it. Empire building is a good way of creating privileged markets for one's goods.

Since capitalism, by its very nature, is growth-based, it must expand in order to survive. Hence capitalism is inevitably imperialistic. In pre-capitalist societies, there is often extensive cultural resistance to the attempts of foreign capitalists to promote the growth of the free market. However, "primitive" people's desire to be "left alone" was rarely respected, and "civilisation" was forced upon them "for their own good." As Kropotkin realised, *"force is necessary to continually bring new 'uncivilised nations' under the same conditions [of wage labour]"* [**Anarchism and Anarchist Communism**, p. 53]

Imperialism has always served the interests of Capital. If it did not, if imperialism was bad for business, the business class would have opposed it. This partly explains why the colonialism of the 19th century is no more (the other reason being social resistance to foreign domination, which obviously helped to make imperialism bad for business as well). There are now more cost-effective means than direct colonialism to ensure that "underdeveloped" countries remain open to exploitation by foreign capital. Once the costs exceeded the benefits, colonialist imperialism changed into the neo-colonialism of multinationals, political influence, and the threat of force (see [next section](#)).

As Capital grew in size, its need to expand into foreign markets caused it to be closely linked with the nation-state. As there were a number of competing capitalist nations, however, tension and conflict developed between them for control of non-capitalist areas to exploit. It was this international competition between developed nations that led to both World Wars.

After the Second World War, the European countries yielded to pressure from the USA and national liberation movements and granted many former countries "independence" (not, we may add, that the USA was being altruistic in its actions, independence for colonies weakened its rivals as well as allowing US capital access to these markets). This process was accompanied by capital expanding **beyond** the nation-state into multinational corporations. The nature of imperialism and imperialistic wars has changed accordingly. Today, instead of direct rule over less developed nations (which is too costly), indirect forms of domination are now preferred, with force resorted to only if "business interests" are threatened. Examples of new-style imperialistic wars include Vietnam, the US support for the Contras in Nicaragua and the Gulf War. Political and economic power (e.g. the threat of capital flight or sanctions) is used to keep markets open for corporations based in the advanced nations, with military intervention being used only when required.

Needless to say, the Soviet Union also participated in imperialist adventures, although on a lesser scale and for slightly different reasons. As can be seen by Russia's ruthless policy towards her satellites, Russian imperialism was more inclined to the defence of what she already had and the creation of a buffer zone

between herself and the West. Unlike most Empires, the flow of money was usually out of, not into, the Soviet Union. The Soviet elite also aided "anti-imperialist" movements when it served their interests which (along with US pressure which closed off other options) placed them within the Soviet sphere of influence

Obviously anarchists are opposed to imperialism and imperialistic wars. It is impossible to be free while dependent on the power of someone else. If the capital one uses is owned by another country, one is in no position to resist the demands of that country. To be self-governing, a community must be economically independent. The centralisation of capital implied by imperialism means that power rests in the hands of others, not with those directly affected by the decisions made by that power. Thus capitalism soon makes a decentralised economy, and so a free society, impossible.

This does not mean that anarchists blindly support national liberation movements or any form of nationalism. Anarchists oppose nationalism just as much as they oppose imperialism - neither offer a way to a free society (see sections [D.6](#) and [D.7](#) for more details)

D.5.1 HOW HAS IMPERIALISM CHANGED OVER TIME?

Imperialism has important economic advantages for those who run the economy. As the needs of the business class change, the forms taken by imperialism also change. We can identify three main phases: classical imperialism (i.e. conquest), indirect (economic) imperialism, and globalisation. We will consider the first

two in this section and globalisation in section [D.5.3](#). However, for all the talk of globalisation in recent years, it is important to remember that capitalism has always been an international system and that the changing forms of imperialism reflect this international nature and that the changes within imperialism are in response to developments within capitalism itself.

Direct conquest had the advantage of opening up more of the planet for the capitalist market, thus leading to more trade and exploitation of raw materials and labour (and often slavery as well). This gave a massive boost to both the state and the industries of the invading country in terms of new profits, so allowing an increase in the number of capitalists and other social parasites that could exist in the developed nation. As Kropotkin noted at the time, *"British, French, Belgian and other capitalists, by means of the ease with which they exploit countries which themselves have no developed industry, today control the labour of hundreds of millions of those people in Eastern Europe, Asia, and Africa. The result is that the number of those people in the leading industrialised countries of Europe who live off the work of others doesn't gradually decrease at all. Far from it."* [*"Anarchism and Syndicalism"*, in **Black Flag** number 210, p. 26].

This process of expansion into non-capitalist areas also helps Capital to weather both the subjective and objective economic pressures upon it which cause the business cycle (see sections C.7 - ["What causes the capitalist business cycle?"](#) for more on these). As wealth looted from "primitive" countries is exported back to the home country, profit levels can be protected both from working-class demands and from any relative decline in

surplus-value production caused by increased capital investment (see section [C.2](#) for more on surplus value). In fact, imperialism often allowed the working class of the invading country to receive improved wages and living conditions as the looted wealth was imported into the country. And as the sons and daughters of the poor emigrated to the colonies to make a living for themselves on stolen land, the wealth extracted from those colonies helped to overcome the reduction in the supply of labour at home which would increase its market price. This loot also helps reduce competitive pressures on the nation's economy. Of course, these advantages of conquest cannot totally **stop** the business cycle nor eliminate competition, as the imperialistic nations soon discovered.

This first phase of imperialism began as the growing capitalist economy started to reach the boundaries of the nationalised market created by the state within its own borders. Imperialism was then used to expand the area that could be colonised by the capital associated with a given nation-state. This stage ended, however, once the dominant powers had carved up the planet into different spheres of influence and there was nowhere new left to expand. In the competition to increase sales and access to cheap raw materials and foreign markets, nation-states came into conflict with each other. As it was obvious that a conflict was brewing, the major European countries tried to organise a "balance of power." This meant that armies were built and navies created to frighten other countries and so deter war. Unfortunately, these measures were not enough to countermand the economic and power processes at play. War did break out, a war over empires and influence, a war, it was claimed, that would end all wars. As we now know, of course, it did not.

After the First World War, the identification of nation-state with national capital became even more obvious, and can be seen in the rise of extensive state intervention to keep capitalism going -- for example, the rise of Fascism in Italy and Germany and the efforts of "national" governments in Britain and the USA to "solve" the economic crisis of the Great Depression. As protectionist methods increased and capital growth stagnated, another war was only a matter of time.

After the Second World War, imperialism changed under the pressure of various national liberation movements. As Kropotkin realised, such social movements were to be expected for with the growth of capitalism *"the number of people with an interest in the capitulation of the capitalist state system also increases."* [Peter Kropotkin, **Op. Cit.**, p. 26] Unfortunately these "liberation" movements transformed mass struggle from a potential struggle against capitalism into movements aiming for independent capitalist nation states. However, these struggles ensured that capitalism had to change itself in face of popular resistance and the old form of imperialism was replaced by a new system of "neo-colonialism" in which newly "independent" colonies are forced, via political and economic pressure, to open their borders to foreign capital. If a state takes up a position which the imperial powers consider "bad for business," action will be taken, from sanctions to outright invasion. Keeping the world open and "free" for capitalist exploitation has been America's general policy since 1945. It springs directly from the expansion requirements of private capital and so cannot be changed.

Capital investments in developing nations have increased steadily over the years, with profits from the exploitation of cheap labour flowing back into the pockets of the corporate elite in the imperialist nation, not to its citizens as a whole (though there are sometimes temporary benefits to other classes, as discussed below). In addition, other countries are "encouraged" to buy imperialist countries' goods (often in exchange for "aid", typically military "aid") and open their markets to the dominant power's companies and their products. Imperialism is the only means of defending the foreign investments of a nation's capitalist class, and by allowing the extraction of profits and the creation of markets, it also safeguards the future of private capital.

So, imperialism remains intact, as Western (namely U.S.) governments continue to provide lavish funds to petty right-wing despots under the pseudonym, "foreign aid". The express purpose of this foreign aid, noble-sounding rhetoric about freedom and democracy aside, is to ensure that the existing world order remains intact. "Stability" has become the watchword of modern imperialists, who see **any** indigenous popular movements as a threat to the existing world order.

This is accomplished by channelling public funds to the wealthy business classes in Third World countries. The U.S. and other Western powers provide much-needed war material and training for these governments, so that they may continue to keep the business climate friendly to foreign investors (that means tacitly and overtly supporting fascism around the globe). "Foreign aid", basically, is when the poor people of rich countries give their money to the rich people of poor countries to

ensure that the investments of the rich people of rich countries is safe from the poor people of poor countries!

(Needless to say, the owners of the companies providing this "aid" also do very well out of it.)

Thus, the Third World sags beneath the weight of well-funded oppression, while its countries are sucked dry of their native wealth, in the name of "development" and in the spirit of "democracy and freedom". The United States leads the West in its global responsibility (another favourite buzzword) to ensure that this peculiar kind of "freedom" remains unchallenged by any indigenous movements. Thus, the fascist regimes remain compliant and obedient to the West, capitalism thrives unchallenged, and the plight of people everywhere simply worsens. And if a regime becomes too "independent", military force always remains an option (as can be seen from the 1990 Gulf War).

D.5.2 WHAT IS THE RELATIONSHIP BETWEEN IMPERIALISM AND THE SOCIAL CLASSES WITHIN CAPITALISM?

The relationship between the ruling class and imperialism is quite simple: Due to capital's need to grow, find markets and raw materials, it seeks to expand abroad (see section [D.5](#)). Consequently, it needs an aggressive and expansionist foreign policy, which it achieves by buying politicians, initiating media propaganda campaigns, funding right-wing think tanks, and so on, as previously described. Thus the ruling class benefits from, and so usually supports, imperialism -- only when the costs out-weight the benefits will we see

members of the elite oppose it (as in the latter stages of the Vietnam war, for example, when it was clear that the US was not going to win).

The relationship between the working class and imperialism is more complex. Foreign trade and the export of capital often make it possible to import cheap wage goods from abroad and increase profits for the capitalist class, and in this sense, workers gain because they can improve their standard of living without necessarily coming into conflict with their employers. Moreover, capital export and military spending under imperialistic policies may lead to a higher rate of profit for capitalists and allow them to temporarily avoid recession, thus keeping employment higher than would be the case otherwise. So workers benefit in this sense as well. Therefore, in imperialistic nations during economic boom times, one finds a tendency among the working class (particularly the unorganised sector) to support foreign military adventurism and an aggressive foreign policy. This is part of what is often called the "embourgeoisment" of the proletariat, or the co-optation of labour by capitalist ideology and "patriotic" propaganda.

However, as soon as international rivalry between imperialist powers becomes too intense, capitalists will attempt to maintain their profit rates by depressing wages and laying people off in their own country. Workers' real wages will also suffer if military spending goes beyond a certain point. Moreover, if militarism leads to actual war, the working class has much more to lose than to gain. In addition, while imperialism can improve living conditions (for a time), it cannot remove the hierarchical nature of capitalism and therefore cannot

stop the class struggle, the spirit of revolt and the instinct for freedom. So, while workers may sometimes benefit from imperialism, such periods cannot last long and *"ultimately the more fundamental and lasting opposition of the working class must come to the surface. On this, as on other issues, the interest and policies of capital and labour are fundamentally antagonistic."* [Paul Sweezy, **Theory of Capitalist Development**, p. 316]

Thus Rudolf Rocker was correct to stress the contradictory (and self-defeating) nature of working class support for imperialism:

"No doubt some small comforts may sometimes fall to the share of the workers when the bourgeoisie of their country attain some advantage over that of another country; but this always happens at the cost of their own freedom and the economic oppression of other peoples. The worker. . . participates to some extent in the profits which, without effort on their part, fall into the laps of the bourgeoisie of his country from the unrestrained exploitation of colonial peoples; but sooner or later there comes the time when these people too, wake up, and he has to pay all the more dearly for the small advantages he has enjoyed. . . [Imperialism means that] the liberation. . . from wage-slavery is pushed further and further into the distance. As long as the worker ties up his interests with those of the bourgeoisie of his country instead of with his class, he must logically also take in his stride all the results of that relationship. He must stand ready to fight the wars of the possessing classes for the retention and extension of their markets, and to defend any injustice they may perpetrate on other people." [**Anarcho-Syndicalism**, p. 61]

It is difficult to generalise about the effects of imperialism on the "middle class" (i.e. professionals, self-employed, small business people, peasants and so on -- **not** middle income groups, who are usually working class). Some groups within this strata stand to gain, others to lose. This lack of common interests and a common organisational base makes the middle class unstable and susceptible to patriotic sloganeering, vague theories of national or racial superiority, or fascist scapegoating of minorities for society's problems. For this reason, the ruling class finds it relatively easy to recruit large sectors of the middle class (as well as unorganised sectors of the working class) to an aggressive and expansionist foreign policy, through media propaganda campaigns. Since organised labour tends to perceive imperialism as being against its overall best interests, and thus usually opposes it, the ruling class is able to intensify the hostility of the middle class to the organised working class by portraying the latter as "unpatriotic" and "unwilling to sacrifice" for the "national interest." Hence, in general, imperialism tends to produce a tightening of class lines and increasingly severe social conflict between contending interest groups, which has a tendency to foster the growth of authoritarian government (see section [D.9](#)).

D.5.3 DOES GLOBALISATION MEAN THE END OF IMPERIALISM?

No. While it is true that the size of multinational companies has increased along with the mobility of capital, the need for nation-states to serve corporate interests still exists. With the increased mobility of

capital, i.e. its ability to move from one country and invest in another easily, and with the growth in international money markets, we have seen what can be called a "free market" in states developing. Corporations can ensure that governments do as they are told simply by threatening to move elsewhere (which they will do anyway, if it results in more profits).

While transnational companies are, perhaps, the most well-known representatives of this process of globalisation, the power and mobility of modern capitalism can be seen from the following figures. From 1986 to 1990, foreign exchange transactions rose from under \$300 billion to \$700 billion daily and were expected to exceed \$1.3 trillion in 1994. The World Bank estimates that the total resources of international financial institutions at about \$14 trillion. To put some kind of perspective on these figures, the Base-based Bank for International Settlement estimated that the aggregate daily turnover in the foreign exchange markets at nearly \$900 billion in April 1992, equal to 13 times the Gross Domestic Product of the OECD group of countries on an annualised basis [**Financial Times**, 23/9/93]. In Britain, some \$200-300 billion a day flows through London's foreign exchange markets. This the equivalent of the UK's annual Gross National Product in two or three days.

Little wonder that a **Financial Times** special supplement on the IMF stated that *"Wise governments realise that the only intelligent response to the challenge of globalisation is to make their economies more acceptable"* [**Op. Cit.**] More acceptable to business, that is, not their populations. This means that under globalisation, states will compete with each other to offer

the best deals to investors and transnational companies, such as tax breaks, union busting, no pollution controls, and so forth. The effects on the countries' ordinary people will be ignored in the name of future benefits. For example, such an "acceptable" business climate was created in Britain, where *"market forces have deprived workers of rights in the name of competition"* [**Scotland on Sunday**, 9/1/95] and the number of people with less than half the average income rose from 9% of the population in 1979 to 25% in 1993. The share of national wealth held by the poorer half of the population has fallen from one third to one quarter. However, as would be expected, the number of millionaires has increased, as has the welfare state for the rich, with the public's tax money being used to enrich the few via military Keynesianism, privatisation and funding for Research and Development. Like any religion, the free-market ideology is marked by the hypocrisy of those at the top and the sacrifices required from the majority at the bottom.

In addition, the globalisation of capital allows it to play one work force against another. For example, General Motors plans to close two dozen plants in the United States and Canada, but it has become the largest employer in Mexico. Why? Because an *"economic miracle"* has driven wages down. Labour's share of personal income in Mexico has *"declined from 36 percent in the mid-1970's to 23 percent by 1992."* Elsewhere, General Motors opened a \$690 million assembly plant in the former East Germany. Why? Because there workers are willing to *"work longer hours than their pampered colleagues in western Germany"* (as the **Financial Times** put it) at 40% of the wage and with

few benefits [Noam Chomsky, **World Orders, Old and New**, p.160]

However, force is always required to protect private capital. Even a globalised capitalist company still requires a defender. Therefore it makes sense for corporations to pick and choose between states for the best protection, blackmailing their citizens to pay for the armed forces via taxes. For the foreseeable future, America seems to be the rent-a-cop of choice. Therefore, far from ending imperialism, globalisation will see it continue, but with one major difference: the citizens in the imperialist countries will see even fewer benefits from imperialism than before, while still having to carry the costs.

This is an inherently revolutionary situation, which will "justify" further intervention in the Third World by the US and other imperialist nations, either through indirect military aid to client regimes or through outright invasion, depending on the nature of the "*crisis of democracy*" (a term used by the Trilateral Commission to characterise popular uprisings).

In addition, with the advent of a "global market" under GATT, corporations still need politicians to act for them in creating a "free" market which best suits their interests. Therefore, by backing powerful states, corporate elites can increase their bargaining powers and help shape the "New World Order" in their own image.

To sum up, globalisation will see imperialism change as capitalism itself changes. The need for imperialism remains, as the interests of private capital still need to be defended against the dispossessed. All that changes is

that the governments of the imperialistic nations become even more accountable to capital and even less to their populations.

D.6 ARE ANARCHISTS AGAINST NATIONALISM?

To begin to answer this question, we must first define what we mean by nationalism. For many people, it is just the natural attachment to home, the place one grew up. These feelings, however, obviously do not exist in a social vacuum. Nationality, as Bakunin noted, is a *"natural and social fact,"* as *"every people and the smallest folk-unit has its own character, its own specific mode of existence, its own way of speaking, feeling, thinking, and acting; and it is this idiosyncrasy that constitutes the essence of nationality."* [**The Political Philosophy of Bakunin**, p. 325]

Perhaps it is in the interest of anarchists to distinguish between **nationality** or **ethnicity** (that is, cultural affinity) and **nationalism** (confined to the state and government itself) as a better way of defining what we support and oppose -- nationalism, at root, is destructive and reactionary, whereas ethnic and cultural affinity is a source of community, social diversity and vitality.

Such diversity is to be celebrated and allowed to express it itself on its own terms. Or, as Murray Bookchin puts it, *"[t]hat specific peoples should be free to fully develop their own cultural capacities is not merely a right but a desideratum. The world would be a drab place indeed if a magnificent mosaic of different cultures does not replace the largely decultured and homogenised world created by modern capitalism."* ["Nationalism and the 'National Question'", **Society and Nature**, pp. 8-36, No. 5, pp. 28-29] But, as he also warns, such cultural freedom and variety should **not** be confused with nationalism. The latter is far more (and ethically, a lot less) than simple recognition of cultural uniqueness and

love of home. Nationalism is the love of, or the desire to create, a nation-state. And for this reason anarchists are opposed to it, in all its forms.

This means that nationalism cannot and must not be confused with nationality. The latter is a product of social processes while the former is a product of state action and elite rule. Social evolution cannot be squeezed into the narrow, restricting borders of the nation state without harming the individuals whose lives **make** that social development happen in the first place.

The state, as we have seen, is a centralised body invested with power and a social monopoly of force. As such it pre-empted the autonomy of localities and peoples, and in the name of the "nation" crushes the living, breathing reality of "nations" (i.e. peoples and their cultures) with one law, one culture and one "official" history. Unlike most nationalists, anarchists recognise that almost all "nations" are in fact not homogeneous, and so consider nationality to be far wider in application than just lines on maps, created by conquest. Hence we think that recreating the centralised state in a slightly smaller area, as nationalist movements generally advocate, cannot solve what is called the "national question."

Ultimately, as Rudolf Rocker argues, the *"nation is not the cause, but the result of the state. It is the state that creates the nation, not the nation the state."* [Nationalism and Culture, p. 200] Every state is an artificial mechanism imposed upon society by some ruler in order to defend and make secure the interests of privileged minorities within society. Nationalism was created to reinforce the state by providing it with the loyalty of a people of shared linguistic, ethnic, and

cultural affinities. And if these shared affinities do not exist, the state will create them by centralising education in its own hands, imposing an "official" language and attempting to crush cultural differences from the people's within its borders.

Hence we see the all too familiar sight of successful "national liberation" movements replacing foreign oppression with a home-based one. This is unsurprising as nationalism delivers power to local ruling classes as it relies on taking state power. As a result, Nationalism can never deliver freedom to the working class (the vast majority of a given "nation"). Moreover, nationalism hides class differences within the "nation" by arguing that all people must unite around their supposedly common interests (as members of the same "nation"), when in fact they have nothing in common due to the existence of hierarchies and classes. Its function is to build a mass support base for local elites angry with imperialism for blocking their ambitions to rule and exploit "their" nation and fellow country people:

"[W]e must not forget that we are always dealing with the organised selfishness of privileged minorities which hide behind the skirts of the nation, hide behind the credulity of the masses [when discussing Nationalism]. We speak of national interests, national capital, national spheres of interest, national honour, and national spirit; but we forget that behind all this there are hidden merely the selfish interests of power-loving politicians and money-loving business men for whom the nation is a convenient cover to hide their personal greed and their schemes for political power from the eyes of the world."
[Rudolf Rocker, **Op. Cit.**, pp. 252-3]

Moreover, the Nation has effectively replaced God in terms of justifying injustice and oppression and allowing individuals to wash their hands of their own actions. For *"under cover of the nation everything can be hid"* argues Rocker (echoing Bakunin, we must note). *"The national flag covers every injustice, every unhumanity, every lie, every outrage, every crime. The collective responsibility of the nation kills the sense of justice of the individual and brings man to the point where he overlooks injustice done; where, indeed, it may appear to him a meritorious act if committed in the interests of the nation."* [Op. Cit., p. 252] (perhaps, in the future, the economy will increasingly replace the nation just as the nation replaced god as the means of escaping personal responsibility of our acts? Only time will tell, but "economic efficiency" has been as commonly used to justify oppression and exploitation as "reasons of state" and "the national interest" have been).

Thus anarchists oppose nationalism in all its forms as harmful to the interests of those who make up a given nation and their cultural identities. However, anarchists are opposed to all forms of exploitation and oppression, including imperialism (i.e. a situation of external domination where the ruling class of one country dominates the people and territory of another country - see section [D.5](#)). While rejecting Nationalism, anarchists do not necessarily oppose national liberation struggles against such domination (see section [D.7](#) for details). However, it goes without saying that national "liberation" movements that take on notions of racial, cultural or ethnic "superiority" or "purity" or believe that cultural differences are somehow "rooted" in biology get no support from anarchists.

D.7 ARE ANARCHISTS OPPOSED TO NATIONAL LIBERATION STRUGGLES?

While anarchists are opposed to nationalism (see [last section](#)), this does not mean that they are indifferent to national liberation struggles. Quite the opposite. In the words of Bakunin, *"I feel myself always the patriot of all oppressed fatherlands. . . Nationality. . . is a historic, local fact which, like all real and harmless facts, has the right to claim general acceptance. . . Every people, like every person, is involuntarily that which it is and therefore has a right to be itself. . . Nationality is not a principle; it is a legitimate fact, just as individuality is. Every nationality, great or small, has the incontestable right to be itself, to live according to its own nature. This right is simply the corollary of the general principle of freedom."* [quoted by Alfredo M. Bonanno in **Anarchism and the National Liberation Struggle**, pp. 19-20]

More recently Murray Bookchin has expressed similar sentiments: *"No left libertarian. . . can oppose the **right** of a subjugated people to establish itself as an autonomous entity -- be it in a [libertarian] confederation. . . or as a nation-state based in hierarchical and class inequities."* ["Nationalism and the 'National Question'", **Society and Nature**, pp. 8-36, No. 5, , p. 31] Even so, anarchists do not elevate the idea of national liberation into a mindless article of faith, as much of the Leninist-influenced left has done this century, calling for support for the oppressed nation without first inquiring into *"what kind of society a given 'national liberation' movement would likely produce."* To do so, as Bookchin points out, would be to *"support national liberation struggles for instrumental purposes,*

*merely as a means of 'weakening' imperialism," which leads to "a condition of moral bankruptcy" as socialist ideas become associated with the authoritarian and statist goals of the "anti-imperialist" dictatorships in "liberated" nations. [Ibid., pp. 25-31] "But to oppose an oppressor is not equivalent to calling for **support** for everything formerly colonised nation-states do." [Ibid., p. 31]*

Thus anarchists oppose foreign oppression and are usually sympathetic to attempts by those who suffer it to end it. This does not mean that we necessarily support national liberation movements as such (after all, they usually desire to create a new state) but we cannot sit back and watch one nation oppress another and so act to stop that oppression (by, for example, protesting against the oppressing nation and trying to get them to change their policies and withdraw from the oppressed nations affairs).

A major problem with national liberation struggles is that they usually counterpoise the common interests of "the nation" to those of an oppressor, but assume that **class** is irrelevant. Although nationalist movements often cut across classes, they still seek to increase autonomy for certain parts of society while ignoring that of other parts. For anarchists, a new national state would not bring any fundamental change in the lives of most people, who would still be powerless both economically and socially. Looking around the world at all the many nation-states in existence, we see the same gross disparities in power, influence and wealth restricting self-determination for working-class people, even if they are free "nationally." It seems hypocritical for nationalist leaders to talk of liberating their own nation from imperialism while advocating the creation of a capitalist

nation-state, which will be oppressive to its own population and, perhaps, eventually become imperialistic itself as it develops to a certain point and has to seek foreign outlets for its products and capital in order to continue economic growth and realise suitable profit levels (as is happening, for example, with South Korea).

In response to national liberation struggles, anarchists stress the self-liberation of the working class, which can be only achieved by its members' own efforts, creating and using their own organisations. In this process there can be no separation of political, social and economic goals. The struggle against imperialism cannot be separated from the struggle against capitalism. This has been the approach of most, if not all, anarchist movements in the face of foreign domination -- the combination of the struggle against foreign domination with the class struggle against native oppressors. In many different countries (including Bulgaria, Mexico, Cuba and Korea) anarchists have tried, by their *"propaganda, and above all **action**, [to] encourage the masses to turn the struggle for political independence into the struggle for the Social Revolution."* [Sam Dolgoff, **The Cuban Revolution - A critical perspective**, p. 41 - Dolgoff is referring to the Cuban movement here, but his comments are applicable to most historical -- and current -- situations]

Moreover, we should point out that Anarchists in imperialist countries have also opposed national oppression by both words and deeds. For example, the prominent Japanese Anarchist Kotoku Shusi was framed and executed in 1910 after campaigning against Japanese expansionism. In Italy, the anarchist movement opposed Italian expansionism into Eritrea and Ethiopia in the

1880s and 1890s, and organised a massive anti-war movement against the 1911 invasion of Libya. In 1909, the Spanish Anarchists organised a mass strike against intervention in Morocco. More recently, anarchists in France struggled against two colonial wars (in Indochina and Algeria) in the late 50's and early 60's, anarchists world-wide opposed US aggression in Latin America and Vietnam (without, we must note, supporting the Cuban and Vietnamese Stalinist regimes), opposed the Gulf War (during which most anarchists raised the call of "*No war but the class war*") as well as opposing Soviet imperialism.

In practise national liberation movements are full of contradictions between the way the rank and file sees progress being made (and their hopes and dreams) and the wishes of their ruling class members/leaders. The leadership will always resolve this conflict in favour of the future ruling class. Most of the time that makes it possible for individuals members of these struggles to realise this and break from these politics towards anarchism. But at times of major conflict this contradiction will become very apparent and at this stage it's possible that large numbers may break from nationalism **if** an alternative that addresses their concerns exists. Providing that anarchist do not compromise our ideals such movements against foreign domination can be wonderful opportunities to spread our politics, ideals and ideas -- and to show up the limitations and dangers of nationalism itself and present a viable alternative.

For anarchists, the key question is whether freedom is for abstract concepts like "the nation" or for the individuals who make up the nationality and give it life. Oppression must be fought on all fronts, within nations

and internationally, in order for working-class people to gain the fruits of freedom. Any national liberation struggle which bases itself on nationalism is doomed to failure as a movement for extending human freedom. Thus anarchists *"refuse to participate in national liberation fronts; they participate in class fronts which may or may not be involved in national liberation struggles. The struggle must spread to establish economic, political and social structures in the liberated territories, based on federalist and libertarian organisations."* [Alfredo M. Bonanno, **Anarchism and the National Liberation Struggle**, p. 12]

So while anarchists unmask nationalism for what it is, we do not disdain the basic struggle for identity and self-management which nationalism diverts. We encourage direct action and the spirit of revolt against all forms of oppression -- social, economic, political, racial, sexual, religious and national. By this method, we aim to turn national liberation struggles into **human** liberation struggles. And while fighting against oppression, we struggle for anarchy, a free confederation of communes based on workplace and community assemblies. A confederation which will place the nation-state, all nation-states, into the dust-bin of history where it belongs.

And as far as "national" identity within an anarchist society is concerned, our position is clear and simple. As Bakunin noted with respect to the Polish struggle for national liberation during the last century, anarchists, as *"adversaries of every State, . . . reject the rights and frontiers called historic. For us Poland only begins, only truly exists there where the labouring masses are and want to be Polish, it ends where, renouncing all*

particular links with Poland, the masses wish to establish other national links." [quoted in "*Bakunin*", Jean Caroline Cahm, in **Socialism and Nationalism**, volume 1, pp. 22-49, p. 43]

D.8 WHAT CAUSES MILITARISM AND WHAT ARE ITS EFFECTS?

There are two main causes of capitalist militarism. Firstly, there is the need to contain the domestic enemy - the oppressed and exploited sections of the population. The other, as noted in the section on imperialism, is that a strong military is necessary in order for a ruling class to pursue an aggressive and expansionist foreign policy. For most developed capitalist nations, this kind of foreign policy becomes more and more important because of economic forces, i.e. in order to provide outlets for its goods and to prevent the system from collapsing by expanding the market continually outward. This outward expansion of, and so competition between, capital needs military force to protect its interests (particularly those invested in other countries) and give it added clout in the economic jungle of the world market.

Capitalist militarism also serves several other purposes and has a number of effects. First, it promotes the development of a specially favoured group of companies involved in the production of armaments or armament related products ("defence" contractors), who have a direct interest in the maximum expansion of military production. Since this group is particularly wealthy, it exerts great pressure on government to pursue the type of state intervention and, often, the aggressive foreign policies it wants.

This "special relationship" between state and Big Business also has the advantage that it allows the ordinary citizen to pay for industrial Research and Development. Government subsidies provide an important way for companies to fund their research and

development at taxpayer expense, which often yields "spin-offs" with great commercial potential as consumer products (e.g. computers). Needless to say, all the profits go to the defence contractors and to the commercial companies who buy licences to patented technologies from them, rather than being shared with the public which funded the R&D that made the profits possible.

It is necessary to provide some details to indicate the size and impact of military spending on the US economy:

"Since 1945. . . there have been new industries sparking investment and employment . . . In most of them, basic research and technological progress were closely linked to the expanding military sector. The major innovation in the 1950s was electronics . . . [which] increased its output 15 percent per year. It was of critical importance in workplace automation, with the federal government providing the bulk of the research and development (R&D) dollars for military-orientated purposes. Infrared instrumentation, pressure and temperature measuring equipment, medical electronics, and thermoelectric energy conversion all benefited from military R&D. By the 1960s indirect and direct military demand accounted for as much as 70 percent of the total output of the electronics industry. Feedbacks also developed between electronics and aircraft, the second growth industry of the 1950s. By 1960 . . . [i]ts annual investment outlays were 5.3 times larger than their 1947-49 level, and over 90 percent of its output went to the military. Synthetics (plastics and fibers) was another growth industry owing much of its development to military-related projects. Throughout the 1950s and 1960s, military-related R&D, including space, accounted for 40 to 50 percent of total public and private R&D spending and at least 85% of

federal government share." [Richard B. Du Boff, **Accumulation and Power**, pp. 103-4]

Not only this, government spending on road building (initially justified using defence concerns) also gave a massive boost to private capital (and, in the process, totally transformed America into a land fit for car and oil corporations). The cumulative impact of the 1944, 1956 and 1968 Federal Highway Acts *"allowed \$70 billion to be spent on the interstates without [the money] passing through the congressional appropriations board."* The 1956 Act *"[i]n effect wrote into law the 1932 National Highway Users Conference strategy of G[eneral] M[otors] chairman Alfred P. Sloan to channel gasoline and other motor vehicle-related excise taxes into highway construction."* GM also illegally bought-up and effectively destroyed public transit companies across America, so reducing competition against private car ownership. The net effect of this state intervention was that by 1963-66 *"one in every six business enterprise was directly dependent on the manufacture, distribution, servicing, and the use of motor vehicles."* The impact of this process is still evident today -- both in terms of ecological destruction and in the fact that automobile and oil companies are still dominate the top twenty of the Fortune 500. [**Op. Cit.**, p. 102]

This system, which can be called military Keynesianism, has three advantages over socially-based state intervention. Firstly, unlike social programmes, military intervention does not improve the situation (and thus, hopes) of the majority, who can continue to be marginalised by the system, suffer the discipline of the labour market and feel the threat of unemployment. Secondly, it acts like welfare for the rich, ensuring that

while the many are subject to market forces, the few can escape that fate - while singing the praises of the "free market". And, thirdly, it does not compete with private capital.

Because of the connection between militarism and imperialism, it was natural after World War II that America should become the world's leading military state at the same time that it was becoming the world's leading economic power, and that strong ties developed between government, business, and the armed forces. American "military capitalism" is described in detail below, but the remarks also apply to a number of other "advanced" capitalist states.

In his farewell address, President Eisenhower warned of the danger posed to individual liberties and democratic processes by the "***military-industrial complex***," which might, he cautioned, seek to keep the economy in a state of continual war-readiness simply because it is good business. This echoed the warning which had been made earlier by sociologist C. Wright Mills (in **The Power Elite**, 1956), who pointed out that since the end of World War II the military had become enlarged and decisive to the shape of the entire American economy, and that US capitalism had in fact become a military capitalism. This situation has not substantially changed since Mills wrote, for it is still the case that all US military officers have grown up in the atmosphere of the post-war military-industrial alliance and have been explicitly educated and trained to carry it on. So, despite recent cuts in the US defence budget, American capitalism remains military capitalism, with a huge armaments industry and defence contractors still among the most powerful of political entities.

D.8.1 WILL MILITARISM CHANGE WITH THE APPARENT END OF THE COLD WAR?

Many politicians seemed to think so in the early nineties, asserting that a "*peace dividend*" was at hand. Since the Gulf War, however, Americans have heard little more about it. Although it's true that some fat was trimmed from the defence budget, both economic and political pressures have tended to keep the basic military-industrial complex intact, insuring a state of global war-readiness and continuing production of ever more advanced weapons systems into the foreseeable future.

Since it's having more and more trouble dominating the world economically, America now claims superpower status largely on the basis of its military superiority. Therefore the US won't be likely to renounce this superiority willingly-- especially since the prospect of recapturing world economic superiority appears to depend in part on her ability to bully other nations into granting economic concessions and privileges, as in the past. Hence the US public is being bombarded with propaganda designed to show that an ongoing US military presence is necessary in every corner of the planet.

For example, after the Gulf War the draft of a government White Paper was released in which it was argued that the US must maintain its status as the world's strongest military power and not hesitate to act unilaterally if UN approval for future military actions is not forthcoming. Although then President Bush, under election-year political pressures, denied that he

personally held such views, the document reflected the thinking of powerful authoritarian forces in government - thinking that has a way of becoming public policy through secret National Security Directives (see section D.9.2 -- [What is "Invisible government"?](#)).

For these reasons it would not be wise to bet on a deep and sustained American demilitarisation. It is true that troop strength is being cut back in response to Soviet withdrawals from Eastern Europe; but these cutbacks are also prompted by the development of automated weapons systems which reduce the number of soldiers needed to win battles, as demonstrated in the Persian Gulf.

Although there may appear to be no urgent need for huge military budgets now that the Soviet threat is gone, the US has found it impossible to kick its forty-year addiction to militarism. As Noam Chomsky points out in many of his works, the *"Pentagon System,"* in which the public is forced to subsidise research and development of high tech industry through subsidies to defence contractors, is a covert substitute in the US for the overt industrial planning policies of other "advanced" capitalist nations, like Germany and Japan. US defence businesses, which are among the biggest lobbyists, cannot afford to lose this "corporate welfare." Moreover, continued corporate downsizing and high levels of unemployment will produce strong pressure to maintain defence industries simply in order to keep people working.

Despite some recent modest trimming of defence budgets, the demands of US military capitalism still take priority over the needs of the people. For example, Holly

Sklar points out that Washington, Detroit, and Philadelphia have higher infant death rates than Jamaica or Costa Rica and that Black America as a whole has a higher infant mortality rate than Nigeria; yet the US still spends less public funds on education than on the military, and more on military bands than on the National Endowment for the Arts [*"Brave New World Order,"* in Cynthia Peters, ed., **Collateral Damage**, 1992, pp. 3-46]. But of course, politicians continue to maintain that education and social services must be cut back even further because there is "no money" to fund them.

A serious problem at this point, however, is that the collapse of the Soviet Union leaves the Pentagon in desperate need of a sufficiently dangerous and demonic enemy to justify continued military spending in the style to which it's accustomed. Saddam Hussein was temporarily helpful, but he's not enough of a menace to warrant the robust defence budgets of yore now that his military machine has been smashed. There are some indications, however, that the US government has its sights on Iran.

The main point in favour of targeting Iran is that the American public still craves revenge for the 1979 hostage humiliation, the Lebanon bombing, the Iran-Contra scandal, and other outrages, and can thus be relied on to support a war of retribution. Hence it would not be surprising to hear much more in the future about a possible Iranian nuclear threat and about the dangers of Iranian influence in the Moslem republics of the ex-Soviet empire.

In the wake of the Persian Gulf War, the United States has quietly been building a network of defence alliances reminiscent of the Eisenhower years after World War II, so that America may now be called upon to police disturbances all over the Arab World. Sending troops to Somalia appears to have been designed to help accustom Americans to such a role.

Besides Iran, unfriendly regimes in North Korea, Cuba, and Libya, as well as communist guerrilla groups in various South American nations, also hold great promise as future testing grounds for new weapons systems. And of course there is the recent troop deployments to Haiti and Bosnia, which provide the Pentagon with more arguments for continued high levels of defence spending. In a nutshell, then, the trend toward increasing militarism is not likely to be checked by the present military "downsizing," which will merely produce a leaner and more efficient fighting machine.

D.9 WHAT IS THE RELATIONSHIP BETWEEN WEALTH POLARISATION AND AUTHORITARIAN GOVERNMENT?

We have previously noted the recent increase in the rate of wealth polarisation, with its erosion of working-class living standards. This process has been referred to by Noam Chomsky as "*Third-Worldisation*." It is appearing in a particularly acute form in the US -- the "richest" industrialised nation which also has the highest level of poverty, since it is the most polarised -- but the process can be seen in other "advanced" industrial nations as well, particularly in the UK.

Third World governments are typically authoritarian, since harsh measures are required to suppress rebellions among their impoverished and discontented masses. Hence "Third-Worldisation" implies not only economic polarisation but also increasingly authoritarian governments. As Philip Slater puts it, a large, educated, and alert "middle class" (i.e. average income earners) has always been the backbone of democracy, and anything that concentrates wealth tends to weaken democratic institutions [**A Dream Deferred**, p. 68].

If this is true, then along with increasing wealth polarisation in the US we should expect to see signs of growing authoritarianism. This hypothesis is confirmed by numerous facts, including the following: continuing growth of an "imperial presidency" (concentration of political power); extralegal operations by the executive branch (e.g. the Iran-Contra scandal, the Grenada and Panama invasions); skyrocketing incarceration rates; more official secrecy and censorship; the rise of the Far Right; more police and prisons; FBI requests for massive

wiretapping capability; and so on. Public support for draconian measures to deal with crime reflect the increasingly authoritarian mood of citizens beginning to panic in the face of an ongoing social breakdown, which has been brought about, quite simply, by ruling-class greed that has gotten out of hand -- a fact that is carefully obscured by the media.

One might think that representative democracy and constitutionally guaranteed freedoms would make an authoritarian government impossible in the United States and other liberal democratic nations with similar constitutional "protections" for civil rights. In reality, however, the declaration of a "national emergency" would allow the central government to ignore constitutional guarantees with impunity and set up what Hannah Arendt calls "invisible government" -- mechanisms allowing an administration to circumvent constitutional structures while leaving them nominally in place (see section [D.9.2](#)).

In this regard it is important to remember that the Nazis created a "shadow government" in Germany even as the "democratic" Weimar constitution continued to operate in theory. Hitler at first implemented his programmes through the constitution, using existing government agencies and departments. Later he set up Nazi Party bureaus that duplicated the functions of the Weimar government, allowing the latter to remain in place but without power, while the Nazi bureaus (especially the SS, and of course Hitler himself) held the actual power. The Communist Party in Russia created a similar invisible government after the Bolshevik revolution, leaving the revolutionary constitution as well as the government bureaucracy in place while Communist

Party agencies and the General Secretary wielded the real power [See Marilyn French, **Beyond Power**, p. 349].

If the drift toward social breakdown continues in the "advanced" industrial nations, it's not difficult to conceive of voters electing overtly authoritarian, right-wing administrations campaigning on "law-and-order" platforms. In the face of widespread rioting, looting, and mayhem (especially if it spilled over from the ghettos and threatened the suburbs), reactionary hysteria could propel authoritarian types into both the executive and legislative branches of government. The "middle classes" (i.e. professionals, small business people and so on) would then support charismatic martial-style leaders who promised to restore law and order, particularly if they were men with impressive military or police credentials.

Once elected, and with the support of willing legislatures and courts, authoritarian administrations could easily create much more extensive mechanisms of invisible government than already exist, giving the executive branch virtually dictatorial powers. Such administrations could also vastly increase government control of the media, implement martial law, escalate foreign militarism, further expand the funding and scope of the police, national guard units, secret police and foreign intelligence agencies, and authorise more widespread surveillance of citizens as well as the infiltration of dissident political groups. Random searches and seizures, curfews, government control of all organised meetings, harassment or outright banning of groups that disagreed with or attempted to block government policies, and the imprisonment of political dissidents and

others judged to be dangerous to "national security" would then become routine.

These developments would not occur all at once, but so gradually, imperceptibly, and logically -- given the need to maintain "law and order" -- that most people would not even be aware that an authoritarian take-over was underway. Indeed, it is already underway in the US (see Bertram Gross, **Friendly Fascism**, South End Press, 1989).

In the following subsections we will examine some of the symptoms of growing authoritarianism listed above, again referring primarily to the example of the United States. We are including these sections in the FAQ because the disturbing trends canvassed here give the anarchist programme of social reconstruction more urgency than would otherwise be the case. For if radical and dissident groups are muzzled -- as always happens under authoritarian rule -- that programme will be much more difficult to achieve.

D.9.1 WHY DOES POLITICAL POWER BECOME CONCENTRATED UNDER CAPITALISM?

Under capitalism, political power tends to become concentrated in the executive branch of government, along with a corresponding decline in the effectiveness of parliamentary institutions. As Paul Sweezy points out, parliaments grew out of the struggle of capitalists against the power of centralised monarchies during the early modern period, and hence the function of parliaments has always been to check and control the exercise of

executive power. For this reason, *"parliaments flourished and reached the peak of their prestige in the period of competitive capitalism when the functions of the state, particularly in the economic sphere, were reduced to a minimum."* [**Theory of Capitalist Development**, p. 310]

As capitalism develops, however, the ruling class must seek to expand its capital through foreign investments, which leads to imperialism, which in turn leads to a tightening of class lines and increasingly severe social conflict, as we have seen earlier (see D.5.2). As this happens, legislatures become battlegrounds of contending parties, divided by divergent class and group interests, which reduces their capacity for positive action. And at the same time, the ruling class increasingly needs a strong centralised state that can protect its interests in foreign countries as well as solve difficult and complex economic problems. *"Under the circumstances, parliament is forced to give up one after another of its cherished prerogatives and to see built up under its very eyes the kind of centralised and uncontrolled authority against which, in its youth, it had fought so hard and so well."* [**Ibid.**, p. 319]

This process can be seen clearly in the history of the United States. Since World War II, power has become centralised in the hands of the president to such an extent that scholars now refer to an "imperial presidency," following Arthur Schlesinger's 1973 book of that title.

Contemporary US presidents' appropriation of congressional authority, especially in matters relating to national security, has paralleled the rise of the United States as the world's strongest and most imperialistic

military power. In the increasingly dangerous and interdependent world of the 20th century, the perceived need for a leader who can act quickly and decisively, without possibly disastrous obstruction by Congress, has provided an impetus for ever greater concentration of power in the White House.

This concentration has taken place in both foreign and domestic policy, but it has been catalysed above all by a series of foreign policy decisions in which modern US presidents have seized the most vital of all government powers, the power to make war. And as they have continued to commit troops to war without congressional authorisation or public debate, their unilateral policy-making has spilled over into domestic affairs as well.

In the atmosphere of omnipresent crisis that developed in the fifties, the United States appointed itself guardian of the "free world" against the Red Menace. This placed unprecedented military resources under the control of the President. At the same time, the Eisenhower Administration established a system of pacts and treaties with nations all over the globe, making it difficult for Congress to limit the President's deployment of troops according to the requirements of treaty obligations and national security, both of which were left to presidential judgement. The CIA, a secretive agency accountable to Congress only after the fact, was made the primary instrument of US intervention in the internal affairs of other nations for national security reasons.

With President Johnson's massive deployment of troops to Vietnam, the scope of presidential war-making power took a giant leap forward. Unlike Truman's earlier decision to commit troops in Korea without prior

congressional approval, the UN had not issued any resolutions to legitimate US involvement in Vietnam. In justifying the President's decision, the State Department implied that in the interdependent world of the twentieth century, warfare anywhere on the globe could constitute an attack on the United States which might require immediate response, and hence that the Commander-in-Chief was authorised to take "defensive" war measures without congressional approval or UN authorisation.

Following Vietnam, the presidency was further strengthened by the creation of an all-volunteer military, which is less subject to rebellions in the face of popular opposition to a foreign war than a conscripted force. With their control over the armed forces more secure, presidents since Nixon have been liberated for a much wider range of foreign adventures. The collapse of the Soviet military threat now makes it easier than ever for the President to pursue military options in striving to achieve foreign policy objectives, as the Persian Gulf conflict clearly showed. United States involvement there would have been much more difficult during the Cold War, with the Soviet Union supporting Iraq.

It is sometimes argued that Watergate fatally weakened the power of the US presidency, but this is not actually the case. Michael Lind lists several reasons why [in "*The Case for Congressional Power: the Out-of-Control Presidency*," **The New Republic**, Aug. 14, 1995]. First, the President can still wage war at will, without consulting Congress. Second, thanks to precedents set by Bush and Clinton, important economic treaties (like GATT and NAFTA) can be rammed through Congress as "fast-track" legislation, which limits the time allowed for debate and forbids amendments. Third, thanks to

Jimmy Carter, who reformed the Senior Executive Service to give the White House more control over career bureaucrats, and Ronald Reagan, who politicised the upper levels of the executive branch to an unprecedented degree, presidents can now pack government with their spoilsmen and reward partisan bureaucrats. Fourth, thanks to George Bush, presidents now have a powerful new technique to enhance presidential prerogatives and erode the intent of Congress even further -- namely, signing laws while announcing that they will not obey them. Fifth, thanks also to Bush, yet another new instrument of arbitrary presidential power has been created: the "tsar," a presidential appointee with vague, sweeping charges that overlap with or supersede the powers of department heads.

As Lind also points out, the White House staff that has ballooned since World War II seems close to becoming an extra-constitutional "fourth branch" of government. The creation of presidential "tsars" whose powers overlap or supersede those of department heads is reminiscent of the creation of shadow governments by Hitler and Stalin (see also section D.9.2 -- [What is "Invisible government"?](#)).

Besides the reasons noted above, another cause of increasing political centralisation under capitalism is that industrialisation forces masses of people into alienated wage slavery, breaking their bonds to other people, to the land, and to tradition, which in turn encourages strong central governments to assume the role of surrogate parent and to provide direction for their citizens in political, intellectual, moral, and even spiritual matters [see Hannah Arendt, **The Origins of Totalitarianism**,

1968]. And as Marilyn French emphasises [in **Beyond Power**], the growing concentration of political power in the capitalist state can also be attributed to the form of the corporation, which is a microcosm of the authoritarian state, since it is based on centralised authority, bureaucratic hierarchy, antidemocratic controls, and lack of individual initiative and autonomy. Thus the millions of people who work for large corporations tend automatically to develop the psychological traits needed to survive and "succeed" under authoritarian rule: notably, obedience, conformity, efficiency, subservience, and fear of responsibility. The political system naturally tends to reflect the psychological conditions created at the workplace, where most people spend about half their time.

Reviewing such trends, Ralph Miliband concludes that *"[h]owever strident the rhetoric of democracy and popular sovereignty may be, and despite the 'populist' overtones which politics must now incorporate, the trend is toward the ever-greater appropriation of power at the top."* [**Divided Societies**, Oxford, 1989]

D.9.2. WHAT IS "INVISIBLE GOVERNMENT"?

We've already briefly noted the phenomenon of "invisible government" or "shadow government" (see section [D.9](#)), which occurs when an administration is able to bypass or weaken official government agencies or institutions to implement policies that are not officially permitted. In the US, the Reagan Administration's Iran-Contra affair is an example. During that episode the National Security Council, an

arm of the executive branch, secretly funded the Contras, a mercenary counterinsurgency force in Central America, in direct violation of the Boland Amendment which Congress had passed for the specific purpose of prohibiting such funding. The fact that investigators could not prove the President's authorisation or even knowledge of the operation is a tribute to the presidential "deniability" its planners took care to build into it.

Other recent cases of invisible government in the United States involve the weakening of official government agencies to the point where they can no longer effectively carry out their mandate. Reagan's tenure in the White House again provides a number of examples. The Environmental Protection Agency, for instance, was for all practical purposes neutralised when employees dedicated to genuine environmental protection were removed and replaced with people loyal to corporate polluters. Evidence suggests that the Department of the Interior under Reagan-appointee James Watt was similarly co-opted. Such detours around the law are deliberate policy tools that allow presidents to exercise much more actual power than they appear to have on paper.

One of the most potent methods of invisible government in the US is the President's authority to determine foreign and domestic policy through National Security Directives that are kept secret from Congress and the American people. Such NSDs cover a virtually unlimited field of actions, shaping policy that may be radically different from what is stated publicly by the White House and involving such matters as interference with First Amendment rights, initiation of activities that could lead to war, escalation of military conflicts, and even the

commitment of billions of dollars in loan guarantees -- all without congressional approval or even knowledge.

According to congressional researchers, past administrations have used national security orders to intensify the war in Vietnam, send US commandos to Africa, and bribe foreign governments. The Reagan Administration wrote more than 320 secret directives on everything from the future of Micronesia to ways to keep the government running after a nuclear holocaust. Jeffrey Richelson, a leading scholar on US intelligence, says that the Bush Administration had written more than 100 NSDs as of early 1992 on subjects ranging from the drug wars to nuclear weaponry to support for guerrillas in Afghanistan to politicians in Panama. Although the subjects of such orders have been discovered by diligent reporters and researchers, none of the texts has been declassified or released to Congress. Indeed, the Bush Administration consistently refused to release even **unclassified** NSDs!

On October 31, 1989, nine months before the Iraqi invasion of Kuwait, President Bush signed NSD-26, ordering US agencies to expand political and economic ties with Iraq, giving Iraq access to US financial aid involving a billion-dollar loan guarantee as well as military technology and foodstuffs later sold for cash. Members of Congress, concerned that policy decisions involving billion-dollar commitments of funds should be made jointly with the legislature, dispatched investigators in 1991 to obtain a list of the secret directives. The White House refused to co-operate, ordering the directives kept secret *"because they deal with national security."* Iraq's default on the loans it

obtained through NSD-26 means that American taxpayers are footing the billion-dollar bill.

The underlying authoritarianism of politicians is often belied by their words. For instance, even as Reagan claimed to favour diminished centralisation he was calling for a radical increase in his control of the budget and for extended CIA activities inside the country -- with less congressional surveillance -- both of which served to increase centralised power [Tom Farrer, *"The Making of Reaganism,"* New York Review of Books, Jan 21, 1982, cited in Marilyn French, **Beyond Power**, p. 346]. President Clinton's recent use of an Executive Order to bail out Mexico from its debt crisis after Congress failed to appropriate the money falls right into the authoritarian tradition of running the country by fiat.

Perhaps the most disturbing revelation to emerge from the Iran-Contra affair was the Reagan administration's contingency plan for imposing martial law. Alfonso Chardy, a reporter for the **Miami Herald**, revealed in July 1987 that Lt. Col. Oliver North, while serving on the National Security Council's staff, had worked with the Federal Emergency Management Agency on a plan to suspend the Bill of Rights by imposing martial law in the event of *"national opposition to a US military invasion abroad."* This martial law directive was still in effect in 1988 [Richard O. Curry, ed., **Freedom at Risk: Secrecy, Censorship, and Repression in the 1980s**, Temple University Press, 1988].

Former US Attorney General Edwin Meese declared that the single most important factor in implementing martial law would be *"advance intelligence gathering to facilitate internment of the leaders of civil disturbances"*

[**Ibid.**, p. 28}. As discussed in B.16.5, during the 1980s the FBI greatly increased its surveillance of individuals and groups judged to be potentially "subversive," thus providing the Administration with a convenient list of people who would be subject to immediate internment during civil disturbances. The Omnibus Counter-terrorism Bill now being debated in the US Congress would give the President virtually dictatorial powers, by allowing him to imprison and bankrupt dissidents by declaring their organisations "terrorist."

D.9.3 WHY ARE INCARCERATION RATES RISING?

A large prison population is another characteristic of authoritarian regimes. Hence the burgeoning US incarceration rate during the past decade, coupled with the recent rapid growth of the prison "industry" must be regarded as further evidence of a drift toward authoritarian government, as one would expect given the phenomenon of "Third-Worldisation."

Prison inmates in the US are predominantly poor, and the sentences handed out to people without social prestige or the resources to defend themselves are much harsher than those received by people with higher incomes who are charged with the same crimes. Federal Bureau of Justice Statistics show that the median incomes of male prisoners before sentencing is about one-third that of the general population. Median incomes of inmates are even lower if the relatively few (and more-affluent) white-collar criminals are not included in the calculations.

Since the poor are disproportionately from minorities, the prison population is also disproportionately minority. By 1992, the American authorities were imprisoning black men at a rate five times higher than the old apartheid regime had done at its worst in South Africa, and there were more prisoners of Mexican descent in the US than in all of Mexico [Phil Wilayto, "*Prisons and Capitalist Restructuring*," **Workers' World**, January 15, 1995].

Michael Specter reports that more than 90 percent of all the offences committed by prison inmates are crimes against property ["*Community Corrections*," **The Nation**, March 13, 1982]. In an era where the richest one percent of the population owns more property than the bottom 90 percent combined, it's hardly a surprise that those at the very bottom should try to recoup illegally some of the maldistributed wealth they are unable to obtain legally.

In the 1980s the United States created mandatory sentences for dozens of drug offences, expanded capital punishment, and greatly increased the powers of police and prosecutors. The result was a doubling of the prison population from 1985 to 1994, according to a report recently issued by the US Department of Justice. Yet the overall crime rate in the U.S. has remained almost constant during the past twenty years, according to the same report. Indeed, the rate dropped 15 percent from 1980 to 1984, yet the number of prisoners increased 43 percent during that same period. The crime rate then increased by 14 percent from 1985 to 1989, while the number of prisoners grew by 52 percent.

Although the growth of the US prison population has been swollen out of proportion to the crime rate by new drug sentencing laws, drug use has not decreased. Repressive measures are clearly not working, as anyone can see, yet they're still favoured over social programmes, which continue to be scaled back. For example, a recently passed crime law in the US commits billions of dollars for more police and prisons, while at the same time the new Republican Congress eliminates family planning clinics, school lunch programmes, summer youth jobs programmes, etc. Prison construction has become a high-growth industry, one of the few "bright" spots in the American economy, attracting much investment by Wall Street vultures.

D.9.4 WHY IS GOVERNMENT SECRECY AND SURVEILLANCE OF CITIZENS ON THE INCREASE?

Authoritarian governments are characterised by fully developed secret police forces, extensive government surveillance of civilians, a high level of official secrecy and censorship, and an elaborate system of state coercion to intimidate and silence dissenters. All of these phenomena have existed in the US for at least eighty years, but since World War II they have taken more extreme forms, especially during the 1980s. In this section we will examine the operations of the secret police.

The creation of an elaborate US "national security" apparatus has come about gradually since 1945 through congressional enactments, numerous executive orders and national security directives, and a series of Supreme

Court decisions that have eroded First Amendment rights. The policies of the Reagan administration, however, reflected radical departures from the past, as revealed not only by their comprehensive scope but by their institutionalisation of secrecy, censorship, and repression in ways that will be difficult, if not impossible, to eradicate. As Richard Curry points out, the Reagan administration's success stems *"from major structural and technological changes that have occurred in American society during the twentieth century -- especially the emergence of the modern bureaucratic State and the invention of sophisticated electronic devices that make surveillance possible in new and insidious ways."* [Curry, **Op. Cit.**, p. 4]

The FBI has used "countersubversive" surveillance techniques and kept lists of people and groups judged to be potential national security threats since the days of the Red Scare in the 1920s. Such activities were expanded in the late 1930s when Franklin Roosevelt instructed the FBI to gather information about Fascist and Communist activities in the US and to conduct investigations into possible espionage and sabotage. FBI chief J. Edgar Hoover interpreted these directives as authorising open-ended inquiries into a very broad category of potential "subversives"; and by repeatedly misinforming a succession of careless or indifferent presidents and attorneys general about the precise scope of Roosevelt's directives, Hoover managed for more than 30 years to elicit tacit executive approval for continuous FBI investigations into an ever-expanding class of political dissidents [Geoffrey R. Stone, *"The Reagan Administration, the First Amendment, and FBI Domestic Security Investigations,"* in Curry, **Ibid.**].

The advent of the Cold War, ongoing conflicts with the Soviet Union, and fears of the "*international Communist conspiracy*" provided justification not only for covert CIA operations and American military intervention in countries all over the globe, but also contributed to the FBI's rationale for expanding its domestic surveillance activities.

Thus in 1957, without authorisation from Congress or any president, Hoover launched a highly secret operation called COINTELPRO:

"From 1957 to 1974, the bureau opened investigative files on more than half a million 'subversive' Americans. In the course of these investigations, the bureau, in the name of 'national security,' engaged in widespread wire-tapping, bugging, mail-openings, and break-ins. Even more insidious was the bureau's extensive use of informers and undercover operative to infiltrate and report on the activities and membership of 'subversive' political associations ranging from the Socialist Workers Party to the NAACP to the Medical Committee for Human Rights to a Milwaukee Boy Scout troop." [Stone, **Ibid.**, p. 274].

But COINTELPRO involved much more than just investigation and surveillance. It was used to discredit, weaken, and ultimately destroy the New Left and Black radical movements of the sixties and early seventies, i.e. to silence the major sources of political dissent and opposition.

The FBI fomented violence through the use of agents provocateurs and destroyed the credibility of movement leaders by framing them, bringing false charges against

them, distributing offensive materials published in their name, spreading false rumours, sabotaging equipment, stealing money, and other dirty tricks. By such means the Bureau exacerbated internal frictions within movements, turning members against each other as well as other groups.

Government documents show the FBI and police involved in creating acrimonious disputes which ultimately led to the break-up of such groups as Students for a Democratic Society, the Black Panther Party, and the Liberation News Service. The Bureau also played a part in the failure of such groups to form alliances across racial, class, and regional lines. The FBI is implicated in the assassination of Malcolm X, who was killed in a "factional dispute" that the Bureau bragged of having "developed" in the Nation of Islam, and of Martin Luther King, Jr., who was the target of an elaborate FBI plot to drive him to suicide before he was conveniently killed by a sniper. Other radicals were portrayed as criminals, adulterers, or government agents, while still others were murdered in phoney "shoot-outs" where the only shooting was done by the police.

These activities finally came to public attention because of the Watergate investigations, congressional hearings, and information obtained under the Freedom of Information Act (FOIA). In response to the revelations of FBI abuse, Attorney General Edward Levi in 1976 set forth a set of public guidelines governing the initiation and scope of the bureau's domestic security investigations, severely restricting its ability to investigate political dissidents.

The Levi guidelines, however, proved to be only a temporary reversal of the trend. Although throughout his presidency Ronald Reagan professed to be against the increase of state power in regard to domestic policy, he in fact expanded the power of the national bureaucracy for "national security" purposes in systematic and unprecedented ways. One of the most significant of these was his immediate elimination of the safeguards against FBI abuse that the Levi guidelines had been designed to prevent. This was accomplished through two interrelated executive branch initiatives: Executive Order 12333, issued in 1981, and Attorney General William French Smith's guidelines, which replaced Levi's in 1983.

The Smith guidelines permitted the FBI to launch domestic security investigations if the facts "*reasonably indicated*" that groups or individuals were involved in criminal activity. More importantly, however, the new guidelines also authorised the FBI to "*anticipate or prevent crime.*" As a result, the FBI could now investigate groups or individuals whose statements "*advocated*" criminal activity or indicated an **apparent intent** to engage in crime, particularly crimes of violence.

As Curry notes, the language of the Smith guidelines provided FBI officials with sufficient interpretative latitude to investigate virtually any group or individual it chose to target, including political activists who opposed the administration's foreign policy. Not surprisingly, under the new guidelines the Bureau immediately began investigating a wide variety of political dissidents, quickly making up for the time it had lost since 1976. Congressional sources show that in 1985 alone the FBI conducted 96 investigations of groups and individuals

opposed to the Reagan Administration's Central American policies, including religious organisations who expressed solidarity with Central American refugees.

The Smith guidelines only allowed the Bureau to investigate dissidents. Now, however, there is a far greater threat to the US Bill of Rights waiting in the wings: the so-called Omnibus Counter-Terrorism Bill. If passed, this bill would allow the President, on his own initiative and by his own definition, to declare any person or organisation "terrorist."

Section 301(c)6 states that these presidential rulings will be considered as conclusive and cannot be appealed in court. The Attorney General would also be handed new enforcement powers, e.g. suspects would be considered guilty unless proven innocent, and the source or nature of the evidence brought against suspects would not have to be revealed if the Justice Department claimed a "national security" interest in suppressing such facts, as of course it would. Suspects could also be held without bail and deported for any reason if they were visiting aliens. Resident aliens would be entitled to a hearing, but could nevertheless be deported even if no crime were proven! US citizens could be put in jail for up to ten years and pay a \$250,000 fine if declared guilty.

An equally scary provision of the Counter-Terrorism Bill is Section 603, which subsumes all "terrorist" crimes under the RICO (Racketeer-Influenced Criminal Organisation) civil asset forfeiture statutes. Thus anyone merely accused of "interfering" or "impeding" or "threatening" a current or former federal employee could have all their property seized under "conspiracy to commit terrorism" charges. Some in Congress now want

to designate all local gun-related charges as federal terrorist crimes. Obviously the Counter-Terrorism Bill would simply add to the abuses that are already widespread in drug cases under the seizure and forfeiture laws. This is hardly surprising, since Federal and state agencies and local police are encouraged to make seizures and get to keep the property for their own use, and since anonymous informants who make charges leading to seizures are entitled to part of the property seized.

If this bill passes, it is certain to be used against the Left, as COINTELPRO was in the past. For it will greatly increase the size and funding of the FBI and give it the power to engage in "anti-terrorist" activities all over the country, without judicial oversight. The mind reels at the ability this bill would give the government to suppress dissidents or critics of capitalism, who have historically been the favourite targets of FBI abuses. For example, if an agent provocateur were to bring an illegal stick of dynamite to a peaceful meeting of philosophical anarchists, he could later report everyone at the meeting to the government on charges of conspiracy to commit a terrorist act. The agent could even blow something up with the dynamite and claim that other members knew of the plan. Everyone in the group could then have all their property seized and be jailed for up to ten years!

Even if the Counter-Terrorism Bill doesn't pass in its present form, the fact that a draconian measure like this is even being considered says volumes about the direction in which the US -- and by implication the other "advanced" capitalist states -- are headed.

D.9.5 BUT DOESN'T AUTHORITARIAN GOVERNMENT
ALWAYS INVOLVE CENSORSHIP?

Yes. And central governments have been quietly increasing their power over the media for the past several decades. Monopolistic control of mass communications may not be readily evident in nominally democratic societies, where there seem to be many different sources of information. Yet on closer inspection it turns out that virtually all the major media -- those that reach the vast majority of people -- promulgate essentially the same neocapitalist world view. This is because the so-called "free" press is owned by a handful of capitalistic media conglomerates. Such uniformity insures that any facts, concepts, or opinions that clash with or tend to discredit the fundamental principles of that world view are unlikely to reach a wide audience (see section [D.3](#)).

There are numerous ties between government, news magazines, and newspapers. Corporate interests dominate television and radio; and for reasons described earlier, the interests of major corporations largely coincide with those of the government. The tendency in recent years has been toward the absorption of small independent print media, especially newspapers, by conglomerates that derive their major profits from such industries as steel, oil, and telephone equipment. As Marilyn French notes, the effect of these conglomerates' control *"is to warn communications media away from anything that might be disturbing, and toward a bland, best-of-all-possible-worlds point of view. Although people have a wide range of reading and viewing material to choose from, the majority of it offers the same kinds of distraction -- fads and fashions, surface glitter -- or tranquillisation: all problems are solvable,*

no serious injustice or evil is permitted to continue" [French, **Op. Cit.**, p. 350]. In other words, people are granted ever-increasing access to an ever-decreasing range of "acceptable" ideas.

These trends represent an unofficial and unsystematic form of censorship. In the United States, however, the federal government has been extending official and systematic forms of censorship as well. Again, the Reagan Administration proceeded furthest in this regard. In 1983 alone, more than 28,000 speeches, articles, and books written by government employees were submitted to government censors for clearance. The Reagan government even set a precedent for restricting information that is not classified. This it accomplished by passing laws requiring all government employees with security clearances to sign Standard Form 189, which allows them to be prosecuted for divulging not only classified information but that which is "nonclassified but classifiable." The latter is a deliberately vague, Catch-22 category that has sufficient interpretative latitude to allow for the harassment of most would-be whistle-blowers [Curry, **Op. Cit.**].

The United States Information Agency (USIA), which sends scholars overseas as part of its AMPARTS programme of educational and cultural exchanges, has attempted to screen the political opinions of scholars it selects for foreign speaking engagements. In 1983 the House Foreign Affairs Subcommittee on International Operations criticised USIA officials for "*violating the letter and spirit of its charter*" in choosing its AMPARTS speakers on the basis of "*partisan political ideology*."

In early 1984 the USIA's policies became a national scandal when the **Washington Post** revealed that since late 1981 the USIA had been compiling a blacklist containing not only the names of prominent academics but of national figures, including Coretta Scott King, Congressman Jack Brooks, and former Senator Gary Hart. Under the Immigration, Naturalisation, and Nationality Act (known as "the McCarran Act") foreign nationals have been denied entry into the United States because of their political and ideological beliefs. Among the most notable among the thousands who have been so denied are Nobel Prize-winning authors Gabriel Garcia Marquez and Czeslaw Milosz, as well as author Carlos Fuentes, playwright Dario Fo, actress Franca Rame, novelist Doris Lessing, NATO Deputy Supreme Commander Nino Pasti, renowned Canadian writer Farley Mowat, American-born feminist writer Margaret Randall, and Hortensia Allende, widow of the former Socialist president of Chile, Salvador Allende.

In perhaps the most disturbing censorship development in recent years, the Reagan Administration used the powers of the Trading with the Enemy Act to place an embargo on magazines and newspapers from Cuba, North Vietnam, and Albania (but not China or the ex-Soviet Union), and confiscated certain Iranian books purchased by television journalists abroad. These materials were not embargoed because they contained American secrets, but simply because it was thought they might contain information the Administration did not want Americans to know [French, **Op. Cit.**, p. 433].

Official censorship was also highly evident during the recent Persian Gulf massacre. In this one-sided conflict, the government not only severely curtailed the press's

access to information about the war, restricting reporters to escorted "press pools," but to a large extent turned the major news media into compliant instruments of Administration propaganda. This was accomplished by creating competition between the TV networks and news services for the limited number of slots in the pools, thus making news departments dependent on the government's good will and turning news anchors into cheerleaders for the US-led slaughter.

Reporting on the Gulf War was also directly censored by the military, by news and photo agencies, or by both. For instance, when award-winning journalist Jon Alpert, a longtime NBC stringer, *"came back from Iraq with spectacular videotape of Basra [Iraq's second largest city, population 800,000] and other areas of Iraq devastated by US bombing, NBC president Michael Gartner not only ordered that the footage not be aired but forbade Alpert from working for the network in the future"* [Fairness and Accuracy in Reporting, **Extra, Special Issue on the Gulf War**, 1991, p. 15].

As John R. Macarthur has documented, congressional approval for the war might not have been forthcoming without a huge preliminary propaganda and disinformation campaign designed to demonise Saddam Hussein and his troops. The centrepiece of this campaign -- the now infamous story of Iraqi soldiers allegedly ripping premature Kuwaiti babies from their incubators and leaving them to die on the cold hospital floor -- was a total fabrication masterminded by an American public relations firm funded by the Kuwaiti government-in-exile and eagerly disseminated by the Administration with the help of a credulous and uncritical news establishment [John R. Macarthur, **Second Front:**

Censorship and Propaganda in the Gulf War, Hill & Wang, 1992; also, John Stauber and Sheldon Rampton, **Toxic Sludge is Good For You! Lies, Damn Lies and the Public Relations Industry**, Common Courage Press, 1995].

These trends toward a system of official and unofficial censorship do not bode well for future freedom of speech and of the press. For they establish precedents for muzzling, intimidating, and co-opting the primary sources of public information -- precedents that can be invoked whenever an administration finds it convenient. This is just one more piece of evidence that late capitalism is leading inexorably toward authoritarian government.

D.9.6 WHAT DOES THE RIGHT WANT?

In his book **Post-Conservative America** Kevin Phillips, one of the most knowledgeable and serious conservative ideologues, discusses the possibility of fundamental alterations that he regards as desirable in the US government. His proposals leave no doubt about the direction in which the Right wishes to proceed. *"Governmental power is too diffused to make difficult and necessary economic and technical decisions,"* Phillips maintains. *"[A]ccordingly, the nature of that power must be re-thought. Power at the federal level must be augmented, and lodged for the most part in the executive branch"* [p. 218].

In the model state Phillips describes, Congress would be reduced to a mere tool of a presidency grown even more

"imperial" than it already is, with congressional leaders serving in the Cabinet and the two-party system merged into a single-party coalition. Before we dismiss this idea as impossible to implement, let's remember that the distinction between the two major parties has already been virtually obliterated, as each is controlled by the corporate elite, albeit by different factions within it.

Despite many tactical disagreements, virtually all members of this elite share a basic set of principles, attitudes, ideals, and values. Whether Democrat or Republican, most of them have graduated from the same Ivy League schools, belong to the same exclusive social clubs, serve on the same interlocking boards of directors of the same major corporations, and send their children to the same private boarding schools [See G. William Domhoff, *Who Rules America Now?* 1983; C. Wright Mills, **The Power Elite**, 1956]. Perhaps most importantly, they share the same psychology, which means that they have the same priorities and interests: namely, those of corporate America.

Hence there's actually only one party already -- the Business Party -- which wears two different masks to hide its real face from the public. Similar remarks apply to the liberal democratic regimes in the rest of the advanced capitalist states. The absence of a true opposition party, which itself is a main characteristic of authoritarian regimes, is thus an accomplished fact already, and has been so for many years.

Besides the merging of the major political parties, other forces are leading inexorably toward the scenario described by Phillips. For instance, the power of the executive branch continues to grow because the authority

of Congress has been progressively weakened by scandals, partisan bickering, gridlock, and ongoing revelations of legislative corruption. Indeed, bribe-taking, influence-peddling, check-bouncing, conflicts of interest, shady deals, sex scandals, and general incompetence now seem almost routine on Capitol Hill. Unless something is done to restore congressional respectability, the climate will remain conducive to a further consolidation of power in the presidency.

Phillips assures us that all the changes he envisions can be accomplished without altering the Constitution. Such marvels are indeed possible. The Emperor Augustus centralised all real power in his own hands without disbanding the Roman Senate or the Roman Republic; Hitler implemented his Nazi programmes while leaving the Weimar constitution intact; Stalin ruled under the revolutionary constitution which was theoretically democratic.

The facts cited here as evidence for the gradual authoritarianisation of the United States have been canvassed before by others, sometimes accompanied by warnings of impending dictatorship. So far such warnings have proven to be premature. What is especially alarming today, however, is that the many signs of growing authoritarianism examined above are now coinciding with the symptoms of a social breakdown -- a "coincidence" which in the past has heralded the approach of tyranny.

Fully authoritarian regimes in the US and other First World nations would represent far more than a mere threat to citizens' civil liberties and their hopes for a better society. For authoritarian regimes tend to be

associated with reckless military adventurism led by autocratic heads of state. Thus, in a nuclear world in which Europe and Japan followed the US lead toward authoritarian government, the likelihood of nuclear aggression by irresponsible politicians would continue to grow. In that case, the former anxieties of the Cold War would seem mild by comparison. Hence the urgency of the anarchist programme of anti-authoritarianism, political decentralisation, and grassroots democracy -- the only real antidotes to the disturbing trends described above.

As an aside we should note that many naysayers and ruling class apologists often deny the growing authoritarianism as "paranoia" or "conspiracy theorising." The common retort is "but if things are as bad as you say, how come the government lets you write this seditious FAQ?"

The reason we can write this work unmolested is testimony to the lack of power possessed by the public at large, in the existing political culture--that is, countercultural movements needn't be a concern to the government until they become broader-based and capable of challenging the existing economic order--only then is it "necessary" for the repressive, authoritarian forces to work on undermining the movement.

So long as there is no effective organising and no threat to the interests of the ruling elite, people are permitted to say whatever they want. This creates the illusion that the society is open to all ideas, when, in fact, it isn't. But, as the decimation of the Wobblies and anarchist movement after the First World War first illustrated, the

government will seek to eradicate any movement that poses a significant threat.

The proper application of spin to dissident ideology can make it seem that **any** alternatives to the present system "just wouldn't work" or "are utopian", even when such alternatives are in the self-interest of the population at large. This ideological pruning creates the misperception in people's minds that radical theories haven't been successfully implemented because they are inherently flawed--and naturally, the current authoritarian ideology is portrayed as the only "sane" course of action for people to follow.

For example, most Americans reject socialism outright, without any understanding or even willingness to understand what socialism is really about. This isn't because (libertarian) socialism is wrong; it's a direct result of capitalist propagandising of the past 70 years (and its assertion that "socialism" equals Stalinism).

Extending this attitude to the people themselves, authoritarians (with generous help from the corporate press) paint dissidents as "crackpots" and "extremists," while representing themselves as reasonable "moderates", regardless of the relative positions they are advocating. In this way, a community opposing a toxic waste incinerator in their area can be lambasted in the press as the bad guys, when what is really happening is a local community is practising democracy, daring to challenge the corporate/government authoritarians!

In the Third World, dissenters are typically violently murdered and tossed into unmarked mass graves; here, in the First World, more subtle subversion must take place.

The "invisible hand" of advanced capitalist authoritarian societies is no less effective; the end result is the same, if the methodology differs--the elimination of alternatives to the present socio-economic order.

D.10 HOW DOES CAPITALISM AFFECT TECHNOLOGY?

Technology has an obvious effect on individual freedom, in some ways increasing it, in others restricting it. However, since capitalism is a social system based on inequalities of power, it is a truism that technology will reflect those inequalities, as it does not develop in a social vacuum.

No technology evolves and spreads unless there are people who benefit from it and have sufficient means to disseminate it. In a capitalist society, technologies useful to the rich and powerful are generally the ones that spread. This can be seen from capitalist industry, where technology has been implemented specifically to deskill the worker, so replacing the skilled, valued craftperson with the easily trained (and eliminated!) "mass worker." By making trying to make any individual worker dispensable, the capitalist hopes to deprive workers of a means of controlling the relation between their effort on the job and the pay they receive. In Proudhon's words, the *"machine, or the workshop, after having degraded the labourer by giving him a master, completes his degeneracy by reducing him from the rank of artisan to that of common workman."* [**System of Economical Contradictions**, p. 202]

So, unsurprisingly, technology within a hierarchical society will tend to re-enforce hierarchy and domination. Managers/capitalists will select technology that will protect and extend their power (and profits), not weaken it. Thus, while it is often claimed that technology is "neutral" this is not (and can never be) the case. Simply

put, "progress" within a hierarchical system will reflect the power structures of that system.

As George Reitzer notes, technological innovation under a hierarchical system soon results in *"increased control and the replacement of human with non-human technology. In fact, the replacement of human with non-human technology is very often motivated by a desire for greater control, which of course is motivated by the need for profit-maximisation. The great sources of uncertainty and unpredictability in any rationalising system are people. . . .McDonaldisation involves the search for the means to exert increasing control over both employees and customers"* [George Reitzer, **The McDonaldisation of Society**, p. 100]. For Reitzer, capitalism is marked by the *"irrationality of rationality,"* in which this process of control results in a system based on crushing the individuality and humanity of those who live within it.

In this process of controlling employees for the purpose of maximising profit, deskilling comes about because skilled labour is more expensive than unskilled or semi-skilled and skilled workers have more power over their working conditions and work due to the difficulty in replacing them. In addition it is easier to "rationalise" the production process with methods like Taylorism, a system of strict production schedules and activities based on the amount of time (as determined by management) that workers "need" to perform various operations in the workplace, thus requiring simple, easily analysed and timed movements. And as companies are in competition, each has to copy the most "efficient" (i.e. profit maximising) production techniques introduced by the others in order to remain profitable, no matter how dehumanising this may be for workers. Thus the evil

effects of the division of labour and deskilling becoming widespread. Instead of managing their own work, workers are turned into human machines in a labour process they do not control, instead being controlled by those who own the machines they use (see also Harry Braverman, **Labour and Monopoly Capital: The Degradation of Work in the Twentieth Century**, Monthly Review Press, 1974).

As Max Stirner noted (echoing Adam Smith), this process of deskilling and controlling work means that *"When everyone is to cultivate himself into man, condemning a man to **machine-like labour** amounts to the same thing as slavery. . . . Every labour is to have the intent that the man be satisfied. Therefore he must become a **master** in it too, be able to perform it as a totality. He who in a pin-factory only puts on heads, only draws the wire, works, as it were mechanically, like a machine; he remains half-trained, does not become a master: his labour cannot *satisfy* him, it can only *fatigue* him. His labour is nothing by itself, has no object **in itself**, is nothing complete in itself; he labours only into another's hands, and is **used**. (exploited) by this other"* [The Ego and Its Own, p. 121] Kropotkin makes a similar argument against the division of labour ("**machine-like labour**") in **The Conquest of Bread** (see chapter XV -- "*The Division of Labour*") as did Proudhon (see chapters III and IV of **System of Economical Contradictions**).

Modern industry is set up to ensure that workers do not become "masters" of their work but instead follow the orders of management. The evolution of technology lies in the relations of power within a society. This is because *"the viability of a design is not simply a technical or*

even economic evaluation but rather a political one. A technology is deemed viable if it conforms to the existing relations of power." [David Noble, **Progress without People**, p. 63]

This process of controlling, restricting, and de-individualising labour is a key feature of capitalism. Work that is skilled and controlled by workers in empowering to them in two ways. Firstly it gives them pride in their work and themselves. Secondly, it makes it harder to replace them or suck profits out of them. Therefore, in order to remove the "subjective" factor (i.e. individuality and worker control) from the work process, capital needs methods of controlling the workforce to prevent workers from asserting their individuality, thus preventing them from arranging their own lives and work and resisting the authority of the bosses.

This need to control workers can be seen from the type of machinery introduced during the Industrial Revolution. According to Andrew Ure, a consultant for the factory owners, *"[i]n the factories for spinning coarse yarn. . .the mule-spinners [skilled workers] have abused their powers beyond endurance, domineering in the most arrogant manner. . . over their masters. High wages. . . have, in too many cases, cherished pride and supplied funds for supporting refractory spirits in strikes. . . . During a disastrous turmoil of [this] kind. . . several capitalists. . . had recourse to the celebrated machinists. . . of Manchester. . . [to construct] a self-acting mule. . . . This invention confirms the great doctrine already propounded, that when capital enlists science in her service, the refractory hand of labour will always be taught docility"* [Andrew Ure, **Philosophy of**

Manufactures, pp. 336-368 -- quoted by Noble, **Op. Cit.**, p. 125]

Why is it necessary for workers to be "*taught docility*"? Because "[b]y the infirmity of human nature, it happens that the more skilful the workman, the more self-willed and intractable he is apt to become, and of course the less fit a component of mechanical system in which... he may do great damage to the whole." [**Ibid.**] Proudhon quotes an English Manufacturer who argues the same point:

"The insubordination of our workmen has given us the idea of dispensing with them. We have made and stimulated every imaginable effort to replace the service of men by tools more docile, and we have achieved our object. Machinery has delivered capital from the oppression of labour." [**System of Economical Contradictions**, p. 189]

As David Noble summarises, during the Industrial Revolution "*Capital invested in machines that would reinforce the system of domination [in the workplace], and this decision to invest, which might in the long run render the chosen technique economical, was not itself an economical decision but a political one, with cultural sanction.*" [**Op. Cit.**, p. 6]

A similar process was at work in the US, where the rise in trade unionism resulted in "*industrial managers bec[oming] even more insistent that skill and initiative not be left on the shop floor, and that, by the same token, shop floor workers not have control over the*

reproduction of relevant skills through craft-regulated apprenticeship training. Fearful that skilled shop-floor workers would use their scarce resources to reduce their effort and increase their pay, management deemed that knowledge of the shop-floor process must reside with the managerial structure." [William Lazonick, **Organisation and Technology in Capitalist Development**, p. 273]

American managers happily embraced Taylorism (aka "*scientific management*"), according to which the task of the manager was to gather into his possession all available knowledge about the work he oversaw and reorganise it. Taylor himself considered the task for workers was "*to do what they are told to do promptly and without asking questions or making suggestions.*" [quoted by David Noble, **American By Design**, p. 268] Taylor also relied exclusively upon incentive-pay schemes which mechanically linked pay to productivity and had no appreciation of the subtleties of psychology or sociology (which would have told him that enjoyment of work and creativity is more important for people than just higher pay). Unsurprisingly, workers responded to his schemes by insubordination, sabotage and strikes and it was "*discovered . . . that the 'time and motion' experts frequently knew very little about the proper work activities under their supervision, that often they simply guessed at the optimum rates for given operations . . . it meant that the arbitrary authority of management has simply been reintroduced in a less apparent form.*" [David Noble, **Op. Cit.**, p. 272] Although, now, the power of management could hide begin the "objectivity" of "science."

Katherine Stone also argues (in her account of *"The Origins of Job Structure in the Steel Industry"* in America) that the *"transfer of skill [from the worker to management] was not a response to the necessities of production, but was, rather, a strategy to rob workers of their power"* by *"tak[ing] knowledge and authority from the skilled workers and creating a management cadre able to direct production."* Stone highlights that this deskilling process was combined by a *"divide and rule"* policy by management by wage incentives and new promotion policies. This created a reward system in which workers who played by the rules would receive concrete gains in terms of income and status. Over time, such a structure would become to be seen as *"the natural way to organise work and one which offered them personal advancement"* even though, *"when the system was set up, it was neither obvious nor rational. The job ladders were created just when the skill requirements for jobs in the industry were diminishing as a result of the new technology, and jobs were becoming more and more equal as to the learning time and responsibility involved."* The modern structure of the capitalist workplace was created to break workers resistance to capitalist authority and was deliberately *"aimed at altering workers' ways of thinking and feeling -- which they did by making workers' individual 'objective' self-interests congruent with that of the employers and in conflict with workers' collective self-interest."* It was a means of *"labour discipline"* and of *"motivating workers to work for the employers' gain and preventing workers from uniting to take back control of production."* Stone notes that the *"development of the new labour system in the steel industry was repeated throughout the economy in different industries. As in the steel industry, the core of these new labour systems were the creation of*

artificial job hierarchies and the transfer of skills from workers to the managers." [Root & Branch (ed.), **Root and Branch: The Rise of the Workers' Movements**, pp. 152-5]

This process was recognised by libertarians at the time, with the I.W.W., for example, arguing that "*[l]abourers are no longer classified by difference in trade skill, but the employer assigns them according to the machine which they are attached. These divisions, far from representing differences in skill or interests among the labourers, are imposed by the employers that workers may be pitted against one another and spurred to greater exertion in the shop, and that all resistance to capitalist tyranny may be weakened by artificial distinctions.*" [quoted by Katherine Stone, **Op. Cit.**, p. 157] For this reason, anarchists and syndicalists argued for, and built, industrial unions -- one union per workplace and industry -- in order to combat these divisions and effectively resist capitalist tyranny.

Needless to say, such management schemes never last in the long run nor totally work in the short run either -- which explains why hierarchical management continues, as does technological deskilling (workers always find ways of using new technology to increase their power within the workplace and so undermine management decisions to their own advantage).

This of process deskilling workers was complemented by many factors -- state protected markets (in the form of tariffs and government orders -- the "*lead in technological innovation came in armaments where assured government orders justified high fixed-cost investments*"); the use of "*both political and economic*

power [by American Capitalists] to eradicate and diffuse workers' attempts to assert shop-floor control"; and "repression, instigated and financed both privately and publicly, to eliminate radical elements [and often not-so-radical elements as well, we must note] in the American labour movement." [William Lazonick, **Competitive Advantage on the Shop Floor**, p. 218, p. 303]) Thus state action played a key role in destroying craft control within industry, along with the large financial resources of capitalists compared to workers.

Bringing this sorry story up to date, we find "*many, if not most, American managers are reluctant to develop skills [and initiative] on the shop floor for the fear of losing control of the flow of work.*" [William Lazonick, **Organisation and Technology in Capitalist Development**, pp. 279-280] Given that there is a division of knowledge in society (and, obviously, in the workplace as well) this means that capitalism has selected to introduce a management and technology mix which leads to inefficiency and waste of valuable knowledge, experience and skills.

Thus the capitalist workplace is both produced by and is a weapon in the class struggle and reflects the shifting power relations between workers and employers. The creation of artificial job hierarchies, the transfer of skills away from workers to managers and technological development are all products of class struggle. Thus technological progress and workplace organisation within capitalism have little to do with "efficiency" and far more to do with profits and power.

This means that while self-management has consistently proven to be more efficient (and empowering) than

hierarchical management structures (see section [J.5.12](#)), capitalism actively selects **against** it. This is because capitalism is motivated purely by increasing profits, and the maximisation of profits is best done by disempowering workers and empowering bosses (i.e. the maximisation of power) -- even though this concentration of power harms efficiency by distorting and restricting information flow and the gathering and use of widely distributed knowledge within the firm (as in any command economy).

Thus the last refuge of the capitalist/technophile (namely that the productivity gains of technology outweigh the human costs or the means used to achieve them) is doubly flawed. Firstly, disempowering technology may maximise profits, but it need not increase efficient utilisation of resources or workers time, skills or potential (and as we argue in greater detail later, in section [J.5.12](#), efficiency and profit maximisation are two different things, with such deskilling and management control actually **reducing** efficiency -- compared to workers' control -- but as it allows managers to maximise profits the capitalist market selects it). Secondly, *"when investment does in fact generate innovation, does such innovation yield greater productivity?. . . After conducting a poll of industry executives on trends in automation, **Business Week** concluded in 1982 that 'there is a heavy backing for capital investment in a variety of labour-saving technologies that are designed to fatten profits without necessary adding to productive output.'" David Noble concludes that "whenever managers are able to use automation to 'fatten profits' and enhance their authority (by eliminating jobs and extorting concessions and obedience from the workers who remain) without at the*

same time increasing social product, they appear more than ready to do." [David Noble, **Progress Without People**, pp. 86-87 and p. 89]

Of course the claim is that higher wages follow increased investment and technological innovation ("in the long run" -- although usually "the long run" has to be helped to arrive by workers' struggle and protest!). Passing aside the question of whether slightly increased consumption really makes up for dehumanising and uncreative work, we must note that it is usually the capitalist who **really** benefits from technological change in money terms. For example, between 1920 and 1927 (a period when unemployment caused by technology became commonplace) the automobile industry (which was at the forefront of technological change) saw wages rise by 23.7%. Thus, claim supporters of capitalism, technology is in all our interests. However, capital surpluses rose by 192.9% during the same period -- 8 times faster! Little wonder wages rose! Similarly, over the last 20 years the USA and many other countries have seen companies "down-sizing" and "right-sizing" their workforce and introducing new technologies. The result? Simply put, the 1970s saw the start of "*no-wage growth expansions*." Before the early 1970s, "*real wage growth tracked the growth of productivity and production in the economy overall. After . . . , they ceased to do so. . . Real wage growth fell sharply below measured productivity growth.*" [James K. Galbraith, **Created Unequal**, p. 79] So while real wages have stagnated, profits have been increasing as productivity rises and the rich have been getting richer -- technology yet again showing whose side it is on.

Overall, as David Noble notes (with regards to manufacturing):

"U.S. Manufacturing industry over the last thirty years . . . [has seen] the value of capital stock (machinery) relative to labour double, reflecting the trend towards mechanisation and automation. As a consequence . . . the absolute output person hour increased 115%, more than double. But during this same period, real earnings for hourly workers . . . rose only 84%, less than double. Thus, after three decades of automation-based progress, workers are now earning less relative to their output than before. That is, they are producing more for less; working more for their boss and less for themselves."
[Op. Cit., pp. 92-3]

Noble continues:

"For if the impact of automation on workers has not been ambiguous, neither has the impact on management and those it serves -- labour's loss has been their gain. During the same first thirty years of our age of automation, corporate after tax profits have increased 450%, more than five times the increase in real earnings for workers." [Op. Cit., p. 95]

But why? Because labour has the ability to produce a flexible amount of output (use value) for a given wage. Unlike coal or steel, a worker can be made to work more

intensely during a given working period and so technology can be utilised to maximise that effort as well as increasing the pool of potential replacements for an employee by deskilling their work (so reducing workers' power to get higher wages for their work). Thus technology is a key way of increasing the power of the boss, which in turn can increase output per worker while ensuring that the workers' receive relatively less of that output back in terms of wages -- "*Machines*," argued Proudhon, "*promised us an increase of wealth they have kept their word, but at the same time endowing us with an increase of poverty. They promised us liberty. . . [but] have brought us slavery.*" [Op. Cit., p. 199]

But do not get us wrong, technological progress does not imply that we are victims. Far from it, much innovation is the direct result of our resistance to hierarchy and its tools. For example, capitalists turned to Taylorism and "scientific management" in response to the power of skilled craft workers to control their work and working environment (the famous 1892 Homestead strike, for example, was a direct product of the desire of the company to end the skilled workers' control and power on the shop-floor). In response to this, factory and other workers created a whole new structure of working class power -- a new kind of unionism based on the industrial level. This can be seen in many different countries. For example, in Spain, the C.N.T. (an anarcho-syndicalist union) adopted the *sindicato unico* (one union) in 1918 which united all workers of the same workplace in the same union (by uniting skilled and unskilled in a single organisation, the union increased their fighting power. In the UK, the shop stewards movement arose during the first world war based on workplace organisation (a movement inspired by the pre-war syndicalist revolt and

which included many syndicalist activists). This movement was partly in response to the reformist TUC unions working with the state during the war to suppress class struggle. In Germany, the 1919 near revolution saw the creation of revolutionary workplace unions and councils (and a large increase in the size of the anarcho-syndicalist union FAU which was organised by industry). In the USA, the 1930s saw a massive and militant union organising drive by the C.I.O. based on industrial unionism and collective bargaining (inspired, in part, by the example of the I.W.W. and its broad organisation of unskilled workers).

More recently, workers in the 1960s and 70s responded to the increasing reformism and bureaucratic nature of such unions as the CIO and TUC by organising themselves directly on the shop floor to control their work and working conditions. This informal movement expressed itself in wildcat strikes against both unions and management, sabotage and unofficial workers' control of production (see John Zerzan's essay "*Organised Labour and the Revolt Against Work*" in **Elements of Refusal**). In the UK, the shop stewards' movement revived itself, organising much of the unofficial strikes and protests which occurred in the 1960s and 70s. A similar tendency was seen in many countries during this period.

So in response to a new developments in technology and workplace organisation, workers' developed new forms of resistance which in turn provokes a response by management. Thus technology and its (ab)uses is very much a product of the class struggle, of the struggle for freedom in the workplace.

With a given technology, workers and radicals soon learn to use it in ways never dreamed off to resist their bosses and the state (which necessitates a transformation of within technology again to try and give the bosses an upper hand!). The use of the Internet, for example, to organise, spread and co-ordinate information, resistance and struggles is a classic example of this process (see Jason Wehling, *"Netwars' and Activists Power on the Internet"*, **Scottish Anarchist** no. 2 for details). There is always a "guerrilla war" associated with technology, with workers and radicals developing their own tactics to gain counter control for themselves. Thus much technological change reflects **our** power and activity to change our own lives and working conditions. We must never forget that.

While some may dismiss our analysis as "Luddite," to do so is make "technology" an idol to be worshipped rather than something to be critically analysed. Moreover, to do so is to misrepresent the ideas of the Luddites themselves -- they never actually opposed **all** technology or machinery. Rather, they opposed *"all Machinery hurtful to Commonality"* (as a March 1812 letter to a hated Manufacturer put it). Rather than worship technological progress (or view it uncritically), the Luddites subjected technology to critical analysis and evaluation. They opposed those forms of machinery that harmed themselves or society. Unlike those who smear others as "Luddites," the labourers who broke machines were not intimidated by the modern notion of progress. Their sense of right and wrong was not clouded by the notion that technology was somehow inevitable or neutral. They did not think that **human** values (or their own interests) were irrelevant in evaluating the benefits and drawbacks of a given technology and its effects on workers and

society as a whole. Nor did they consider their skills and livelihood as less important than the profits and power of the capitalists. In other words, they would have agreed with Proudhon's comment that machinery "*plays the leading role in industry, man is secondary*" **and** they acted to change this relationship. [Op. Cit., p. 204] Indeed, it would be tempting to argue that worshippers of technological progress are, in effect, urging us **not** to think and to sacrifice ourselves to a new abstraction like the state or capital. The Luddites were an example of working people deciding what their interests were and acting to defend them by their own direct action -- in this case opposing technology which benefited the ruling class by giving them an edge in the class struggle. Anarchists follow this critical approach to technology, recognising that it is not neutral nor above criticism.

For capital, the source of problems in industry is people. Unlike machines, people can think, feel, dream, hope and act. The "evolution" of technology will, therefore, reflect the class struggle within society and the struggle for liberty against the forces of authority. Technology, far from being neutral, reflects the interests of those with power. Technology will only be truly our friend once we control it ourselves and **modify** to reflect **human** values (this may mean that some forms of technology will have to be written off and replaced by new forms in a free society). Until that happens, most technological processes -- regardless of the other advantages they may have -- will be used to exploit and control people.

Thus Proudhon's comments that "*in the present condition of society, the workshop with its hierarchical organisation, and machinery*" could only serve "*exclusively the interests of the least numerous, the least*

industrious, and the wealthiest class" rather than "be employed for the benefit of all." [Op. Cit., p. 205]

While resisting technological "progress" (by means up to and including machine breaking) is essential in the here and now, the issue of technology can only be truly solved when those who use a given technology control its development, introduction and use. Little wonder, therefore, that anarchists consider workers' self-management as a key means of solving the problems created by technology. Proudhon, for example, argued that the solution to the problems created by the division of labour and technology could only be solved by "*association*" and "*by a broad education, by the obligation of apprenticeship, and by the co-operation of all who take part in the collective work.*" This would ensure that "*the division of labour can no longer be a cause of degradation for the workman [or workwoman].*" [The General Idea of the Revolution, p. 223]

While as far as technology goes, it may not be enough to get rid of the boss, this is a necessary first step in creating a technology which enhances freedom rather than controlling and shaping the worker (or user in general) and enhancing the power and profits of the capitalist (see also section I.4.9 -- [Should technological advance be seen as anti-anarchistic?](#)).

D.11 WHAT CAUSES JUSTIFICATIONS FOR RACISM TO APPEAR?

The tendency toward social breakdown which is inherent in the growth of wealth polarisation, as discussed in [section D.9](#), is also producing a growth in racism in the countries affected. As we have seen, social breakdown leads to the increasingly authoritarian government prompted by the need of the ruling class to contain protest and civil unrest among those at the bottom of the wealth pyramid. In the US those in the lowest economic strata belong mostly to racial minorities, while in several European countries there are growing populations of impoverished minorities from the Third World, often from former colonies. The desire of the more affluent strata to justify their superior economic positions is, as one would expect, causing racially based theories of privilege to become more popular.

That racist feelings are gaining strength in America is evidenced by the increasing political influence of the Far Right, whose thinly disguised racism reflects the darkening vision of a growing segment of the conservative community. Further evidence can be seen in the growth of ultraconservative extremist groups preaching avowedly racist philosophies, such as the Ku Klux Klan, the Aryan Nations, the White Aryan Resistance, and others [see James Ridgeway, **Blood in the Face: The Ku Klux Klan, Aryan Nations, Nazi Skinheads, and the Rise of a New White Culture**, Thunder's Mouth Press, 1990]. Thus, American Politicians and organisers such as Pat Buchanan, David Duke, and Ralph Metzger have been able to exploit the budding racism of lower- and middle-class white youths, who must compete for increasingly scarce jobs with

desperate minorities who are willing to work at very low wages. The expanding popularity of such racist groups in the US is matched by a similar phenomenon in Europe, where xenophobia and a weak economy have propelled extreme right-wing politicians into the limelight on promises to deport foreigners.

Most conservative US politicians have taken pains to distance themselves officially from the Far Right. Yet during the 1992 presidential campaign, mainstream conservative politicians used code words and innuendo ("welfare queens," "quotas," etc.) to convey a thinly veiled racist message. David Duke's candidacy for the governorship of Louisiana in 1991 and for the presidency in 1992, as well as the Republican Convention speeches of Pat Buchanan and Pat Robertson, reflected the increasing influence of the Far Right in American politics. More recently there has been Proposition 187 in California, targeting illegal immigrants.

What easier way is there to divert people's anger than onto scapegoats? Anger about bad housing, no housing, boring work, no work, bad wages and conditions, job insecurity, no future, and so on. Instead of attacking the real causes of these (and other) problems, people are encouraged to direct their anger against people who face the same problems just because they have a different skin colour or come from a different part of the world! Little wonder politicians and their rich backers like to play the racist card -- it diverts attention away from them and the system they run (i.e. the **real** causes of our problems).

Racism, in other words, tries to turn class hatred into race hatred. Little wonder that sections of the ruling elite will turn to it, as and when required. Their class interests (and, often, their personal bigotry) requires them to do so -- a divided working class will never challenge their position in society.

Therefore, justifications for racism appear for two reasons. Firstly, to try and justify the existing inequalities within society (for example, the infamous -- and highly inaccurate -- "Bell Curve" and related works). Secondly, to divide the working class and divert anger about living conditions and social problems away from the ruling elite and their system onto scapegoats in our own class.

D.11.1 DOES FREE MARKET IDEOLOGY PLAY A PART IN RACIST TENDENCIES TO INCREASE?

The most important factor in the right-wing resurgence in the US has been the institutionalisation of the Reagan-Bush brand of conservatism, whose hallmark was the reinstatement, to some degree, of laissez-faire economic policies (and, to an even larger degree, of laissez-faire rhetoric). A "free market," Reagan's economic "experts" argued, necessarily produced inequality; but by allowing unhindered market forces to select the economically fittest and to weed out the unfit, the economy would become healthy again. The wealth of those who survived and prospered in the harsh new climate would ultimately benefit the less fortunate, through a "trickle-down" effect which was supposed to create millions of new high-paying jobs.

All this would be accomplished by deregulating business, reducing taxes on the wealthy, and dismantling or drastically cutting back federal programmes designed to promote social equality, fairness, and compassion. The aptly named Laffer Curve illustrated how cutting taxes actually **raises** government revenue. In actuality, and unsurprisingly, the opposite happened, with wealth flooding upwards and the creation of low-paying, dead-end jobs. (the biggest "Laffers" in this scenario were the ruling class, who saw unprecedented gains in wealth at the expense of the rest of us).

The Reaganites' doctrine of inequality gave the official seal of approval to ideas of racial superiority that right-wing extremists had used for years to rationalise the exploitation of minorities. If, on average, blacks and Hispanics earn only about half as much as whites; if more than a third of all blacks and a quarter of all Hispanics lived below the poverty line; if the economic gap between whites and non-whites was growing -- well, that just proved that there was a racial component in the Social-Darwinian selection process, showing that minorities "deserved" their poverty and lower social status because they were "less fit."

In the words of left-liberal economist James K. Galbraith:

"What the economists did, in effect, was to reason backward, from the troublesome effect to a cause that would rationalise and justify it . . . [I]t is the work of the efficient market [they argued], and the fundamental legitimacy

of the outcome is not supposed to be questioned.

*"The **apologia** is a dreadful thing. It has distorted our understanding, twisted our perspective, and crabbed our politics. On the right, as one might expect, the winners on the expanded scale of wealth and incomes are given a reason for self-satisfaction and an excuse for gloating. Their gains are due to personal merit, the application of high intelligence, and the smiles of fortune. Those on the losing side are guilty of sloth, self-indulgence, and whining. Perhaps they have bad culture. Or perhaps they have bad genes. While no serious economist would make that last leap into racist fantasy, the underlying structure of the economists' argument has undoubtedly helped to legitimise, before a larger public, those who promote such ideas." [Created Unequal: The Crisis in American Pay, p. 264]*

The logical corollary of this social Darwinism is that whites who are "less fit" (i.e., poor) also deserve their poverty. But philosophies of racial hatred are not necessarily consistent. Thus the ranks of white supremacist organisations have been swollen in recent years by undereducated and underemployed white youths frustrated by a declining industrial labour market and a noticeably eroding social status [Ridgeway, **Ibid.**, p.186]. Rather than drawing the logical Social-Darwinian conclusion -- that they too are "inferior" --

they have instead blamed blacks, Hispanics, Asians, and Jews for "unfairly" taking their jobs. Thus the neo-Nazi skinheads, for example, have been mostly recruited from disgruntled working-class whites below the age of 30. This has provided leaders of right-wing extremist groups with a growing base of potential storm troopers.

Therefore, laissez-faire ideology helps create a social environment in which racist tendencies can increase. Firstly, it does so by increasing poverty, job insecurity, inequality and so on which right-wing groups can use to gather support by creating scapegoats in our own class to blame (for example, by blaming poverty on blacks "taking our jobs" rather than capitalists moving their capital to other, more profitable, countries or them cutting wages and conditions for **all** workers -- and as we point out in [section B.1.4](#), racism, by dividing the working class, makes poverty and inequality **worse** and so is self-defeating). Secondly, it abets racists by legitimising the notions that inequalities in pay and wealth are due to racial differences rather than a hierarchical system which harms **all** working class people (and uses racism to divide, and so weaken, the oppressed). By pointing to individuals rather than to institutions, organisations, customs, history and above all power -- the relative power between workers and capitalists, citizens and the state, the market power of big business, etc. -- laissez-faire ideology points analysis into a dead-end as well as apologetics for the wealthy, apologetics which can be, and are, utilised by racists to justify their evil politics.

SECTION E - WHAT DO ANARCHISTS THINK CAUSES ECOLOGICAL PROBLEMS?

INTRODUCTION

E.1 WHAT DO ECO-ANARCHISTS PROPOSE INSTEAD OF CAPITALISM?

E.1.1 WHY DO ECO-ANARCHISTS
ADVOCATE WORKERS' CONTROL?

E.1.2 WHY DO ECO-ANARCHISTS FAVOUR
DIRECT DEMOCRACY?

E.2 CAN "ABSOLUTE" PRIVATE PROPERTY RIGHTS PROTECT THE ENVIRONMENT?

E.3 DOES ECONOMIC POWER AFFECT POLLUTION CONTROLS?

E.4 Can "education" solve ecological problems under free market capitalism?

E.5 How does its need to focus on short-term profitability affect capitalism's ability to deal with the ecological crisis?

E.6 What is the population myth?

E.7 Can ethical consumerism stop the ecological crisis?

SECTION E - WHAT DO ANARCHISTS THINK CAUSES ECOLOGICAL PROBLEMS?

Anarchists have been at the forefront of ecological thinking and the green movement for decades. Murray Bookchin in particular has placed anarchist ideas at the centre of green debate, emphasising the **social** nature of the ecological problems we face and arguing that humanity's domination of nature is the result of domination **within** humanity itself. (See, for example **Toward an Ecological Society**). The ecological implications of many anarchist ideas (such as decentralisation, integration of industry and agriculture, and so forth) has meant that anarchists have quickly recognised the importance of ecological movements and ideas.

Precursors of eco-anarchism can be found in Peter Kropotkin's writings. For example, in his classic work **Fields, Factories and Workshops**, Kropotkin argued the case for "small is beautiful" 70 years before E. F. Schumacher coined the phrase. Through his investigations in geography and biology, Kropotkin discovered species to be interconnected with each other and with their environment. **Mutual Aid** is the classic source book on the survival value of co-operation within species, which Kropotkin regarded as the chief factor of evolution, arguing that those who claim competition is the chief factor have distorted Darwin's work. So, while a specifically "eco" anarchism did not develop until the revolutionary work done by Murray Bookchin from the

1950's onwards, anarchist theory has had a significant "proto-green" content since at least Kropotkin's time.

This section of the FAQ expands upon section D.4 (["What is the relationship between capitalism and the ecological crisis?"](#)) in which we indicated that since capitalism is based upon the principle of "growth or death," a "green" capitalism is impossible. By its very nature capitalism must expand, creating new markets, increasing production and consumption, and so invading more ecosystems, using more resources, and upsetting the interrelations and delicate balances that exist with ecosystems.

Takis Fotopoulous has argued that the main reason why the project of "greening" capitalism is just a utopian dream *"lies in a fundamental contradiction that exists between the logic and dynamic of the growth economy, on the one hand, and the attempt to condition this dynamic with qualitative interests"* on the other [*"Development or Democracy?"* , p. 82, **Society and Nature** No. 7, pp. 57-92]. Under capitalism, ethics, nature and humanity all have a price tag. And that price tag is god. This is understandable as every hierarchical social system requires a belief-system. Under feudalism, the belief-system came from the Church, whereas under capitalism, it pretends to come from science, whose biased practitioners (usually funded by the state and capital) are the new priesthood. Like the old priesthoods, only those members who produce "objective research" become famous and influential -- "objective research" being that which accepts the status quo as "natural" and produces what the elite want to hear (i.e. apologetics for capitalism and elite rule will always be praised as "objective" and "scientific" regardless of its actual

scientific and factual content, the infamous "bell curve" and Malthus's "Law of Population" being classic examples). More importantly, capitalism needs science to be able to measure and quantify everything in order to sell it. This mathematical faith is reflected in its politics and economics, where quantity is more important than quality, where 5 votes are better than 2 votes, where \$5 is better than \$2. And like all religions, capitalism needs sacrifice. In the name of "free enterprise," "economic efficiency," "stability" and "growth" it sacrifices individuality, freedom, humanity, and nature for the power and profits of the few.

Besides its alliance with the ecology movement, eco-anarchism also finds allies in the feminist and peace movements, which it regards, like the ecology movement, as implying the need for anarchist principles. Thus eco-anarchists think that global competition between nation-states is responsible not only for the devouring of nature but is also the primary cause of international military tensions, as nations seek to dominate each other by military force or the threat thereof. As international competition becomes more intense and weapons of mass destruction spread, the seeds are being sown for catastrophic global warfare involving nuclear, chemical, and/or biological weapons. Because such warfare would be the ultimate ecological disaster, eco-anarchism and the peace movement are but two aspects of the same basic project. Similarly, eco-anarchists recognise that domination of nature and male domination of women have historically gone hand in hand, so that eco-feminism is yet another aspect of eco-anarchism. Since feminism, ecology, and peace are key issues of the Green movement, anarchists believe that Greens are implicitly committed to anarchism, whether

they realise it or not, and hence that they should adopt anarchist principles of direct political action rather than getting bogged down in trying to elect people to state offices.

Here we discuss some of the main themes of eco-anarchism and consider a few suggestions by non-anarchists about how to protect the environment, including the false free market capitalist claim that the answer to the ecological crisis is to privatise everything, the myth that population growth is a **cause** of ecological problems rather than the **effect** of deeper root-causes, and why green consumerism is doomed to failure. The issue of electing Green Parties to power will be addressed in section J.2.4 (["Surely voting for radical parties will be effective?"](#)) and so will be ignored here, as will the question of "single-issue" campaigns (like C.N.D. and Friends of the Earth), which will be discussed in section J.1.4 (["What attitude do anarchists take to 'single-issue' campaigns?"](#)).

For anarchists, unless we resolve the underlying contradictions within society, which stem from domination, hierarchy and a capitalist economy, ecological disruption will continue and grow, putting our Earth in increasing danger. We need to resist the system and create new values based on quality, not quantity. We must return the human factor to our alienated society before we alienate ourselves completely off the planet.

Many greens attack what they consider the "wrong ideas" of modern society, its "materialistic values" and counter-pose **new** ideas, more in tune with a green society. This approach, however, misses the point. Ideas and values do not "just happen", but are the **product** of a

given set of social relationships. This means that it is not just a matter of changing our values values in a way that places humanity in harmony with nature, but also of understanding the **social** and **structural** origins of the ecological crisis. Ideas and values **do** need to be challenged, but unless the authoritarian social relationships, hierarchy and inequalities in power, i.e. the material base that produces these values and ideas, is also challenged and, more importantly, **changed** an ecological society is impossible. So unless ecologists recognise that this crisis did not develop in a social vacuum and is not the "fault" of people as **people** (as opposed to people in a hierarchical society), little can be done root out the systemic causes of the problems that we and the planet face.

E.1 WHAT DO ECO-ANARCHISTS PROPOSE INSTEAD OF CAPITALISM?

In place of capitalism, eco-anarchists favour ecologically responsible forms of libertarian socialism (see [section I](#)), with an economy based on the principles of complementarity with nature; decentralisation of large-scale industries, reskilling of workers, and a return to more artisan-like modes of production; the use of environment-friendly technologies, energy sources, and products; the use of recycled raw materials and renewable resources; and worker-controlled enterprises responsive to the wishes of local community assemblies and labour councils in which decisions are made by direct democracy. (See, e.g. Murray Bookchin, **Toward and Ecological Society and Remaking Society**). Such an economy would be "steady-state," meaning that the rate of resource depletion would equal the rate of renewal and that it would not be subject to disastrous collapses in the absence of quantitative growth or stimulation by military spending.

As Bookchin emphasises, however, the ecological crisis stems not only from capitalism but from the principle of domination itself (see [D.4](#)) -- a principle embodied in institutional hierarchies and relations of command and obedience which pervade society at many different levels. Thus, *"[w]ithout changing the most molecular relationships in society -- notably, those between men and women, adults and children, whites and other ethnic groups, heterosexuals and gays (the list, in fact, is considerable) -- society will be riddled by domination even in a socialistic 'classless' and 'non-exploitative' form. It would be infused by hierarchy even as it*

celebrated the dubious virtues of 'people's democracies,' 'socialism' and the 'public ownership' of 'natural resources,' And as long as hierarchy persists, as long as domination organises humanity around a system of elites, the project of dominating nature will continue to exist and inevitably lead our planet to ecological extinction" [Toward an Ecological Society, p. 76].

So, although we focus our attention below on the economic aspects of the ecological crisis and its solution, it should be kept in mind that a complete solution must be multi-dimensional, addressing all aspects of the total system of hierarchy and domination. This means that only anarchism, with its emphasis on the elimination of coercive authority in **all** areas of life, goes to the real root of the ecological crisis.

E.1.1 WHY DO ECO-ANARCHISTS FAVOUR WORKERS' CONTROL?

Eco-anarchists advocate workers' control of the economy as a necessary component of a steady-state economy. This means society-wide ownership of the means of production and all productive enterprises self-managed by their workers, as described further in [section I](#).

Most ecologists, even if they are not anarchists, recognise the pernicious ecological effects of the capitalist "grow or die" principle; but unless they are also anarchists, they usually fail to make the connection between that principle and the **hierarchical form** of the typical capitalist corporation. In contrast, eco-anarchists emphasise that socially owned and worker self-managed

firms, especially the type in which surpluses are shared equally among all full-time members, would be under far less pressure toward rapid expansion than the traditional capitalist firm.

The slower growth rate of co-operatives has been documented in a number of studies, which show that in the traditional capitalist firm, owners' and executives' percentage share of profits greatly increases as more employees are added to the payroll. This is because the corporate hierarchy is designed to facilitate exploitation by funnelling a disproportionate share of the surplus value produced by workers to those at the top of the pyramid (see [C.2, "Where do profits come from?"](#)) Such a design gives ownership and management a very strong incentive to expand, since, other things being equal (e.g. no recession), their income rises with every new employee hired. Hence the hierarchical form of the capitalist corporation is one of the main causes of runaway growth. [See e.g. Henry Levin *"Employment and Productivity of Producer Co-operatives,"* in Robert Jackall and Henry Levin (eds.), **Worker Co-operatives in America**, UC Press, 1984; cf. David Schweickart, **Against Capitalism**].

By contrast, in an equal-share worker co-operative, the addition of more members simply means more people with whom the available pie will have to be equally divided -- a situation that immensely reduces the incentive to expand. Thus a libertarian-socialist economy will be able to function in a stationary state, requiring neither an expanding population nor technological innovation at a pace sufficient to guarantee increased production. Moreover, it will be able to switch from a growth state to a stationary state without excessive

disruption. For if consumers start buying less, this will increase leisure time among producers, which will be shared by those firms affected first and then gradually spreading to other sectors. For these reasons, libertarian socialism based on producer co-operatives is essential for the type of steady-state economy necessary to solve the ecological crisis.

E.1.2 WHY DO ECO-ANARCHISTS EMPHASISE DIRECT DEMOCRACY?

The eco-anarchist argument for direct (participatory) democracy is that effective protection of the planet's ecosystems requires that ordinary citizens be able to take part at the grassroots level in decision-making that affects their environment, since they are more likely to favour stringent environmental safeguards than the large, polluting special interests that now dominate the "representative" system of government. Thus a solution to the ecological crisis presupposes participatory democracy in the political sphere -- a transformation that would amount to a political revolution.

However, as Bakunin emphasised, a political revolution of this nature must be preceded by a **socioeconomic** revolution based on workers' self-management. This is because the daily experience of participatory decision-making, non-authoritarian modes of organisation, and personalistic human relationships in small work groups would foster creativity, spontaneity, responsibility, independence, and respect for individuality -- the qualities needed for a directly democratic political system to function effectively.

Given the amount of time that most people spend at the workplace, the political importance of turning it into a training ground for the development of libertarian and democratic values can scarcely be overstated. As history has demonstrated, political revolutions that are not preceded by mass psychological transformation -- that is, by a deconditioning from the master/slave attitudes absorbed from the current system -- result only in the substitution of new ruling elites for the old ones (e.g. Lenin becoming the new "Tsar" and Communist Party apparatchiks becoming the new "aristocracy"). Therefore, besides having a slower growth rate, worker co-operatives with democratic self-management would lay the psychological foundations for the kind of directly democratic political system necessary to protect the biosphere. Thus "green" libertarian socialism is the only proposal radical enough to solve the ecological crisis.

In contrast, free market capitalism (an extreme example of this viewpoint being right-wing "libertarianism") not only cannot solve the ecological crisis but would in fact exacerbate it. Besides the fact that right libertarians do not propose to dismantle capitalism, which is necessarily based on "grow or die," they also do not wish to dismantle the hierarchical structure of the capitalist firm, which contributes its own greed-driven pressure for expansion, as discussed above. (Indeed, right-libertarian literature is full of arguments showing that hierarchical firms are necessary for reasons of "efficiency.") But since there would be no state regulatory apparatus to mitigate any of the negative ecological effects of capitalist expansion, "free market" capitalism would be even more environmentally malignant than the present system.

In sections E.2, to E.5 we discuss and refute some spurious free market capitalist "solutions" to the ecological crisis. Section E.7 discusses why "*green consumerism*," another basic capitalist assumption, is also doomed to failure.

E.2 CAN "ABSOLUTE" PRIVATE PROPERTY RIGHTS PROTECT THE ENVIRONMENT?

According to free market capitalists, only private property can protect the environment. Murray Rothbard, for example, claims that *"if private firms were able to own the rivers and lakes. . . anyone dumping garbage. . . would promptly be sued in the courts for their aggression against private property. . . . Thus, only private property rights will insure an end to pollution-invasion of resources"* [**For a New Liberty**, p. 256].

This ignores one major point: why **would** the private owner be interested in keeping it clean? What if the garbage dumper is the corporation that owns the property? Why not just assume that the company can make more money turning the lakes and rivers into dumping sites, or trees into junk mail? This scenario is no less plausible. In fact, it is more likely to happen in many cases. As Glenn Albrecht argues, such a capitalist "solution" to environmental problems is only *"likely to be effective in protecting species [or ecosystems] which are commercially important only if the commercial value of that species [or ecosystem] exceeds that of other potential sources of income that could be generated from the same 'natural capital'. . . this model becomes progressively less plausible when we are confronted with rare but commercially unimportant species [or ecosystems] versus very large development proposals that are inconsistent with their continual existence. The less charismatic the species, the more 'unattractive' the ecosystem, the more likely it will be that the development proposal will proceed. . ."* ["Ethics, Anarchy and Sustainable Development", **Anarchist Studies** vol. 2, no.

2, pp. 104-5] To claim that "absolute" property rights will protect the environment is just another example of "free market" capitalism's attempt to give the reader what he or she wants to hear.

But, of course, the supporter of capitalism will jump in and say that if dumping were allowed, this would cause pollution, which would affect others, who would then sue the owner in question. "Maybe" is the answer to this claim, for there are many circumstances where a lawsuit would be unlikely to happen. For example, what if the locals are slum dwellers and cannot afford to sue? What if they are afraid that their landlords will evict them if they sue (particularly if the landlords also own the polluting property in question)? What if many members of the affected community work for the polluting company and stand to lose their jobs if they sue? (See next section). Also, this reply totally ignores the fact suing would only occur **after** the damage has already been done. It's not easy to replace ecosystems and extinct species. And if the threat of court action had a "deterrent" effect, then pollution, murder, stealing and a host of other crimes would long ago have disappeared.

But, beyond these points lies the most important ones, namely: is the option to bring suit against polluters **really** available in a free market based on private property? Rothbard thinks it is. Taking the case of factory smoke in the 19th Century, he notes that it and *"many of its bad effects have been known since the Industrial Revolution, known to the extent that the American courts, during the . . . 19th century made the deliberate decision to allow property rights to be violated by industrial smoke. To do so, the courts had to -- and did -- systematically change and weaken the*

*defences of property rights embedded in Anglo-Saxon common law. . . the courts systematically altered the law of negligence and the law of nuisance to **permit** any air pollution which was not unusually greater than any similar manufacturing firm"* [Rothbard, **Op. Cit.**, p. 257].

In this remarkably self-contradictory passage, we are invited to draw the conclusion that private property **must** provide the solution to the pollution problem from an account of how it clearly did **not** do so! If the 19th-century USA -- which for many Libertarian's is a kind of "golden era" of free-market capitalism -- saw a move from an initial situation of well-defended property rights to a later situation where greater pollution was tolerated, as Rothbard claims, then property rights cannot provide a solution to the pollution problem.

It is likely, of course, that Rothbard and other free marketeers will claim that the 19th-century capitalist system was not pure enough, that the courts were motivated to act under pressure from the state (which in turn was pressured by powerful industrialists). But can it be purified by just removing the government and privatising the courts, relying on a so-called "*free market for justice*"? The pressure from the industrialists remains, if not increases, on the privately owned courts trying to make a living on the market. Indeed, the whole concept of private courts competing in a "*free market for justice*" becomes absurd once it is recognised that those with the most money will be able to buy the most "justice" (as is largely the case now).

The characteristically "free market" capitalist argument that if X were privately owned, Y would almost certainly occur, is just wishful thinking.

E.3 DOES ECONOMIC POWER AFFECT POLLUTION CONTROLS?

In the last section ([E.2](#)), we noted that wealth can affect how environmental and other externalities are dealt with in a capitalist system. This critique, however, deliberately ignores other important factors in society, such as the mobility of capital and its resulting economic and political power. These are important weapons in ensuring that the agenda of business is untroubled by social concerns, such as pollution.

Let us assume that a company is polluting a local area. It is usually the case that capitalist owners rarely live near the workplaces they own, unlike workers and their families. This means that the decision makers do not have to live with the consequences of their decisions. The "free market" capitalist argument would be, again, that those affected by the pollution would sue the company. We will assume that concentrations of wealth have little or no effect on the social system (which is a **highly** unlikely assumption, but never mind). Surely, if local people did successfully sue, the company would be harmed economically -- directly, in terms of the cost of the judgement, indirectly in terms of having to implement new, eco-friendly processes. Hence the company would be handicapped in competition, and this would have obvious consequences for the local (and wider) economy.

Also, if the company were sued, it could simply move to an area that would tolerate the pollution. Not only would existing capital move, but fresh capital would not invest in an area where people stand up for their rights. This --

the natural result of economic power -- would be a "**big stick**" over the heads of the local community. And when combined with the costs and difficulties in taking a large company to court, it would make suing an unlikely option for most people. That such a result would occur can be inferred from history, where we see that multinational firms have moved production to countries with little or no pollution laws and that court cases take years, if not decades, to process.

Furthermore, in a "free market" society, companies that gather lists of known "trouble-makers" would be given free reign. These "black lists" of people who could cause companies "trouble" (i.e. by union organising or suing employers over "property rights" issues) would often ensure employee "loyalty," particularly if new jobs need references. Under wage labour, causing one's employer "problems" can make one's position difficult. Being black-listed would mean no job, no wages, and little chance of being re-employed. This would be the result of continually suing in defence of one's "absolute" property rights -- assuming, of course, that one had the time and money necessary to sue in the first place. Hence working-class people would be in a weak position to defend their "absolute" rights in free market (or "libertarian") capitalism due to the power of employers both within and without the workplace.

All these are strong incentives **not** to rock the boat, particularly if employees have signed a contract ensuring that they will be fired if they discuss company business with others (e.g. lawyers, unions),

E.4 CAN "EDUCATION" SOLVE ECOLOGICAL PROBLEMS UNDER FREE MARKET CAPITALISM?

Besides their emphasis on the right to sue polluters, supporters of "free market" capitalism sometimes also address ecological problems like pollution and depletion of resources by calling for public education which will raise people's awareness to the point of creating enough demand for environment-friendly technologies and products that they will be profitable to produce.

This argument, however, ignores three crucially important facts: (1) that environment-friendly technologies and products **by themselves** are not enough to avert ecological disaster so long as capitalism is based on "grow or die," which it necessarily is due to the requirements of production for profit (see [D.4.1](#)); (2) No amount of education can countermand the effects of market forces. If faced with a tight budget and relatively expensive "ecological" products, consumers and companies may be forced to choose the cheaper, ecologically unfriendly product to make ends meet or survive in the market. Under "free market" capitalism, we may be free to choose, but the options are usually lousy choices, and not the only ones potentially available; and (3) Under the price system, customers have no way of knowing the ecological (or social) impact of the products they buy. Such information, unsurprisingly, is usually supplied **outside** the market by ecological activists, unions, customer groups and so on. As is the case today, the skillfully created media images of advertising can easily swamp the efforts of these voluntary groups to inform the public of the facts. And the example of McDonald's, who (until the famous

McLibel trial) successfully used the threat of court action to silence many of their critics, indicates that the money and time required to fight for free speech in court against large companies is an effective means to keep the public in the dark about the dark side of capitalism.

We must also point out that if, as is increasingly the case, companies fund children's education then there are obvious limitations on the power of education to solve ecological problems. Companies will hardly fund schools which employ teachers who educate their pupils of the **real** causes of ecological problems! And we may add, alternative schools (organised by libertarian unions and other associations) which used libertarian education to produce anarchists would hardly be favoured by companies and so be effectively black-listed - a real deterrent to their spreading through society. Why would a capitalist company employ a graduate of a school who would make trouble for them once employed as their wage slave?

This indicates the real problem of purely "educational" approaches to solving the ecological crisis. Even in a "pure" capitalist world in which private property is protected by a "night-watchman" state or private security forces, a wealthy capitalist elite will still control education, as it does now.

Any capitalist elite must control education, because it is an essential indoctrination tool needed to promote capitalist values and to train a large population of future wage-slaves in the proper habits of obedience to authority. Thus capitalists cannot afford to lose control of the educational system, no matter how much it costs them to maintain competitive schools. And this means

that such schools will not teach students what is really necessary to avoid ecological disaster: namely the dismantling of capitalism itself.

E.5 HOW DOES ITS NEED TO FOCUS ON SHORT-TERM PROFITABILITY AFFECT CAPITALISM'S ABILITY TO DEAL WITH THE ECOLOGICAL CRISIS?

Harmful environmental effects such as pollution, global warming, ozone depletion, and destruction of wildlife habitat are referred to in economics as "*externalities*," which are not counted as "*costs of production*" in standard methods of accounting because they must be borne by everyone in the society affected by them. Since their costs are thus spread out over the whole society, externalities can be ignored by capitalists when planning future production. But this means that they **will** be ignored, since competition forces firms to cut as many costs as possible and concentrate on short-term profits.

Here's an example (paraphrased from Noam Chomsky): Suppose there are 3 automobile companies, X, Y, and Z, which are competitive (not conspiring to fix prices) and which exist in a typical capitalist society where there is no democratic community control of the economy. Then suppose that company X invests in the project of developing a non-polluting car within ten years. At the same time its competitors, Y and Z, will be putting their resources into increasing profits and market share in the coming days and months and over the next year. During that period, company X will be out of luck, for it will not be able to attract enough capital from investors to carry out its plans, since investment will flock to the companies that are most immediately profitable. This means that the default position under "free market" capitalism is that the company (or country) with the lowest standards enjoys a competitive advantage, and

drags down the standards of other companies (or countries).

The supporter of capitalism may respond by arguing that business leaders are as able to see long-term negative environmental effects as the rest of us. But this is to misunderstand the nature of the objection. It is not that business leaders **as individuals** are any less able to see what's happening to the environment. It is that if they want to keep their jobs they have to do what the system requires, which is to concentrate on what is most profitable in the short term. Thus if the president of company X has a mystical experience of oneness with nature and starts diverting profits into pollution control while the presidents of Y and Z continue with business as usual, the stockholders of company X will get a new president who is willing to focus on short-term profits like Y and Z.

In general, then, if one company tries to devote resources to develop products or processes that are ecologically responsible, they will simply be undercut by other companies which are not doing so (assuming such products or processes are more expensive, as they generally are), and hence they won't be competitive in the market. In other words, capitalism has a built-in bias toward short-term gain, and this bias -- along with the inherent need for growth -- means the planet will continue its free-fall toward ecological disaster so long as capitalism exists.

E.6 WHAT IS THE POPULATION MYTH?

The idea that population growth is the **key** cause of ecological problems is extremely commonplace. Even radical green groups like **Earth First!** promoted it. It is, however, a gross distortion of the truth. **Capitalism** is the main cause of both overpopulation **and** the ecological crisis.

Firstly, we should point out that all the "doomsday" prophets of the "population bomb" have been proved wrong time and time again. The dire predictions of Thomas Malthus, the originator of the population myth, have not come true, yet neo-Malthusians continue to mouth his reactionary ideas. In fact Malthus invented his "*law of population*" in response to the anarchist William Godwin, as an attempt to "prove" that social stratification, and so the status quo, was a "*law of nature*" and that poverty was the fault of the poor themselves, not the fault of an unjust and authoritarian socio-economic system (in contrast, and in direct contradiction to his population "theory," as an economist Malthus was worried about the danger of **over-production** within a capitalist economy. No mention of "excess" population then, which indicates well the ideological nature of his over-population theory). The utility of the population myth as a justification for the inhuman miseries inflicted upon the British people by "its" ruling class of aristocrats and industrialists was the only reason why it was given the time of day. Similarly today, its utility to the ruling class ensures that it keeps surfacing every so often, until forced to disappear again once the actual facts of the case are raised. That the population myth, like "genetic" justifications for race-,

class- and gender-based oppression, keeps appearing over and over again, even after extensive evidence has disproved it, indicates its usefulness to the ideological guardians of the establishment.

Neo-Malthusianism basically blames the victims of capitalism for their victimisation, criticising ordinary people for "breeding" or living too long, thus ignoring (at best) or justifying (usually) **privilege** -- the social root of hunger. To put it simply, the hungry are hungry because they are excluded from the land or cannot earn enough to survive. In Latin America, for example, 11% of the population was landless in 1961, by 1975 it was 40%. Approximately 80% of all Third World agricultural land is owned by 3% of landowners.

Increased population is not the cause of landlessness, it is the result of it. If a traditional culture, its values, and its sense of identity are destroyed, population growth rates increase dramatically. As in 17th- and 18th-century Britain, peasants in the Third World are kicked off their land by the local ruling elite, who then use the land to produce cash crops for export while their fellow country people starve. Like Ireland during the Potato Famine, the Third World nations most affected by famine have also been exporters of food to the advanced nations. Malthusianism is handy for the wealthy, giving them a "scientific" excuse for the misery they cause so they can enjoy their blood-money without remorse.

In a country that is being introduced to the joys of capitalism by state intervention (the usual means by which traditional cultures and habits are destroyed to create a "*natural system of liberty*"), population soon explodes as a result of the poor social and economic

conditions in which people find themselves. In the inner-city ghettos of the First World, social and economic conditions similar to those of the Third World give rise to similarly elevated birth rates. When ghetto populations are composed mostly of minorities, as in countries like the US, higher birth rates among the minority poor provides a convenient extra excuse for racism, "proving" that the affected minorities are "*inferior*" because they "*lack self-control*," are "*mere animals obsessed with procreation*," etc. (an argument which ignores the fact that slum dwellers in e.g. Britain during the Industrial Revolution virtually all white but still had high birth rates).

Population growth, far from being the cause of poverty, is in fact a result of it. There is an inverse relationship between per capita income and the fertility rate -- as poverty decreases, so do the population rates. When people are ground into the dirt by poverty, education falls, women's rights decrease, and contraception is less available. Having children then becomes virtually the only creative outlet, with people resting their hopes for a better future in their offspring. Therefore social conditions have a major impact on population growth. In countries with higher economic and cultural levels, population growth soon starts to fall off. Today, for example, much of Europe has seen birth rates fall beyond the national replacement rate. This is the case even in Catholic countries, which one would imagine would have religious factors encouraging large families.

To be clear, we are **not** saying that overpopulation is not a very serious problem. Obviously, population growth **cannot** be ignored or solutions put off until capitalism is eliminated. We need to immediately provide better

education and access to contraceptives across the planet as well as raising cultural levels and increasing women's rights in order to combat overpopulation, which only benefits the elite by keeping the cost of labour low **in addition to** fighting for land reform, union organising and so on. However, the "*population explosion*" is not a neutral theory, and its invention and continual use is due to its utility to vested interests. We should not be fooled by them into thinking that overpopulation is the main cause of the ecological crisis, as this is a strategy for distracting people from the root-cause of both ecological destruction and population growth: namely, the capitalist economy and hierarchical social relationships it requires.

Some Greens argue that it is impossible for **everyone** to have a high standard of living, as this would deplete resources. However, their use of statistics hides a sleight of hand which invalidates their argument. Firstly, the argument assumes that society and technology are static and that the circumstances that produced historic growth and consumption rates will remain unchanged. This is obviously false, since humanity is not static. In addition, for all their concern about "average" consumption in the West, they fail to ask how many tanks and fighter aircraft the "average" person "consumes" in a year or how many Rolls Royces or mansions they have.

The advocates of the "*population myth*," as well as getting the problem wrong, also (usually) suggest very authoritarian "solutions" -- for example, urging an increase in state power, with a "*Bureau of Population Control*" to "police" society and ensure that the state enters the bedroom and our most personal relationships. Luckily for humanity and individual freedom, since they

misconceive the problem, such "Big Brother" solutions are not required.

It is probably true that a "Western" living standard is not possible for the population of the world at its present level. A recent study posited that for the rest of the world to enjoy the standard of living the First World does, it would require the resources of **two** additional Earths! This "*standard of living*" is a product of an alienated society in which consumption for the sake of consumption is the new god. In a grow-or-die economy, production and consumption must keep increasing to prevent economic collapse. This need for growth leads to massive advertising campaigns to indoctrinate people with the capitalist theology that more and more must be consumed to find "happiness" (salvation), producing consumerist attitudes that feed into an already-present tendency to consume in order to compensate for doing boring, pointless work in a hierarchical workplace. Unless a transformation of values occurs that recognises the importance of **living** as opposed to **consuming**, the ecological crisis **will** get worse. It's impossible to imagine such a radical transformation occurring under capitalism, whose lifeblood is consumption for the sake of consumption.

It is often claimed that "*industrialism*" rather than "*capitalism*" is the real cause of overpopulation -- as if there could be a capitalism that does not lead to industrialism or depend on a large industrial base. Of course it cannot be denied that developments like better health care, nutrition, and longer life spans contribute to overpopulation and are made possible by "industry." But to see such developments as primary causes of population growth is to ignore the central role played by

poverty, the disruption of cultural patterns, and the need for cheap labour due to capitalism. There are always elevated birth rates associated with poverty, whether or not medical science improves significantly, e.g. during the early days of capitalism. "*Industrialism*" is in fact a term often used by liberal Greens who don't want to admit that the ecological crisis cannot be solved without the complete overthrow of capitalism, pretending instead that the system can become "green" through various band-aid reforms. (As shown in [D.4](#) and in the [next section](#), this is not possible.) "*Controlling population growth*" is always a key item on such liberals' agendas, taking the place of "*eliminating capitalism*," which should be the centrepiece.

As Murray Bookchin argues, "*If we live in a 'grow-or-die' capitalistic society in which accumulation is literally a law of economic survival and competition is the motor of 'progress,' anything we have to say about population causing the ecological crisis is basically meaningless. Under such a society the biosphere will eventually be destroyed whether five billion or fifty million people live on the planet*" [*"The Population Myth*" in **Which Way for the Ecology Movement?**, p. 34]. A sane society would not be driven by growth for the sake of growth and would aim to reduce production by reducing the average working week to ensure both an acceptable standard of living **plus** time to enjoy it.

By focusing attention away from the root causes of ecological and social disruption -- i.e. capitalism and hierarchy -- and onto the victims, the advocates of the "*population myth*" do a great favour to the system that creates mindless growth. Hence the population myth will obviously find favour with ruling elites, and this -- as

opposed to any basis for the myth in scientific fact -- will ensure its continual re-appearance in the media and education.

E.7 CAN GREEN CONSUMERISM STOP THE ECOLOGICAL CRISIS?

No. In fact, it could make it worse by creating new markets and thus increasing growth. However, just so there is no misunderstanding: we fully recognise that using recycled or renewable raw materials, reducing consumption and buying "*ecologically friendly*" products and technologies **are** very important, and we would be the last to denounce such a thing. But such measures are of very limited use as solutions to the ecological problems we face. At best they can only delay, not prevent, capitalism's ultimate destruction of the planet's ecological base.

Green consumerism is the only thing the establishment has to offer in the face of mounting ecological destruction. Usually it boils down to nothing more than slick advertising campaigns by big corporate polluters to hype band-aid measures such as using a few recycled materials or contributing money to a wildlife fund, which are showcased as "*concern for the environment*" while off camera the pollution and devouring of non-renewable resources goes on. They also engage in "***greenwashing***", in which companies lavishly fund PR campaigns to paint themselves "green" without altering their current polluting practices!

This means that apparently "green" companies and products actually are not. Many firms hire expensive Public Relations firms and produce advertisements to paint a false image of themselves as being ecologically friendly (i.e. perform "***greenwashing***"). This indicates a weakness of market economies -- they hinder (even

distort) the flow of information required for consumers to make informed decisions. The market does not provide enough information for consumers to determine whether a product **is** actually green or not -- it just gives them a price and advertising. Consumers have to rely on other sources, many of which are minority journals and organisations and so difficult to find, to provide them with the accurate information required to countermand the power and persuasion of advertising and the work of PR experts (see the chapter on greenwashing called "*Silencing Spring*" in John Stauber and Sheldon Rampton's **Toxic Sludge is Good for You!** for a good summary of the use of PR firms).

Even apparently ecologically friendly firms like "The Body Shop" can present a false image of what they do. For example, journalist Jon Entine investigated that company in 1994 and discovered that only a minuscule fraction of its ingredients came from **Trade Not Aid** (a program claimed to aid developing countries). Entine also discovered that the company also used many outdated, off-the-shelf product formulas filled with non-renewable petrochemicals as well as animal tested ingredients. When he contacted the company he received libel threats and it hired a PR company to combat Entine's story. [John Stauber and Sheldon Rampton, **Toxic Sludge is Good for You!**, pp. 74-5] This highlights the dangers of looking to consumerism to solve ecological problems. As Entine argues:

"The Body Shop is a corporation with the privileges and power in society as all others. Like other corporations it makes products that are unsustainable, encourages consumerism, uses non-

renewable materials, hires giant PR and law firms, and exaggerates its environment policies. If we are to become a sustainable society, it is crucial that we have institutions . . . that are truly sustainable. The Body Shop has deceived the public by trying to make us think that they are a lot further down the road to sustainability than they really are. We should . . . no longer . . . lionise the Body Shop and others who claim to be something they are not." [quoted by John Stauber and Sheldon Rampton, **Toxic Sludge is Good for You!**, p. 76]

Thus green consumerism is hindered by the nature of the market -- how the market reduces everything to price and so hides the information required to make truly informed decisions on what to consume. Moreover, it is capable of being used to further ecological damage by the use of PR to paint a false picture of the companies and their environmental activities. Even assuming companies are honest and do minimise their environmental damage they cannot face the fundamental cause of the ecological crisis in the "grow-or-die" principle of capitalism ("green" firms need to make profits, accumulate capital and grow bigger), nor do they address the pernicious role of advertising or the lack of public control over production and investment under capitalism. Hence it is a totally inadequate solution.

Andrew Watson sums up green consumerism very eloquently as follows:

"green consumerism, which is largely a cynical attempt to maintain profit margins, does not challenge capital's eco-cidal accumulation, but actually facilitates it by opening a new market. All products, no matter how 'green', cause some pollution, use some resources and energy, and cause some ecological disturbance. This would not matter in a society in which production was rationally planned, but in an exponentially expanding economy, production, however 'green', would eventually destroy the Earth's environment. Ozone-friendly aerosols, for example, still use other harmful chemicals; create pollution in their manufacture, use and disposal; and use large amounts of resources and energy. Of course, up to now, the green pretensions of most companies have been exposed largely as presenting an acceptably green image, with little or no substance. The market is presented as the saviour of the environment. Environmental concern is commodified and transformed into ideological support for capitalism. Instead of raising awareness of the causes of the ecological crisis, green consumerism mystifies them. The solution is presented as an individual act rather than as the collective action of individuals struggling for social change. The corporations laugh all the way to the bank" [From Red to Green, pp. 9-10]

Green consumerism, by its very nature, cannot challenge the "grow-or-die" nature of capitalism. Even "green" companies must make a profit, and hence must expand in order to survive. "Ethical" consumerism, like "ethical" investment, is still based on profit making, the extraction of surplus value from others. This is hardly "ethical," as it cannot challenge the inequality in exchange that lies at the heart of capitalism nor the authoritarian social relationships it creates.

In addition, since capitalism is a world system, companies can produce and sell their non-green and dangerous goods elsewhere. Many of the products and practices banned or boycotted in developed countries are sold and used in developing ones. For example, Agent Orange (used as to defoliate forests during the Vietnam War by the US) is used as an herbicide in the Third World, as is DDT. Agent Orange contains one of the most toxic compounds known to humanity and was responsible for thousands of deformed children in Vietnam. Ciba-Geigy continued to sell Enterovioform (a drug which caused blindness and paralysis in at least 10,000 Japanese users of it) in those countries that permitted it to do so. Ciba-Geigy, by the way, also sprayed a pesticide called Galecron on unprotected Egyptian children to test its safety. The company later claimed it deeply regretted using the children as "volunteers." Many companies have moved to developing countries to escape the stricter pollution and labour laws in the developed countries.

Neither does green consumerism question why it should be the ruling elites within capitalism that decide what to produce and how to produce it. Since these elites are driven by profit considerations, if it is profitable to

pollute, pollution will occur. Moreover, green consumerism does not challenge the (essential) capitalist principle of consumption for the sake of consumption, nor can it come to terms with the fact that "demand" is created, to a large degree, by "suppliers," specifically by advertising agencies that use a host of techniques to manipulate public tastes, as well as using their financial clout to ensure that "negative" (i.e. truthful) stories about companies' environmental records do not surface in the mainstream media.

Because ethical consumerism is based **wholly** on market solutions to the ecological crisis, it is incapable even of recognising the **root** cause of that crisis, namely the atomising nature of market society and the social relationships it creates. Atomised individuals ("soloists") cannot change the world, and "voting" on the market hardly reduces their atomisation. As Murray Bookchin argues, *"[t]ragically, these millions [of 'soloists'] have surrendered their social power, indeed, their very personalities, to politicians and bureaucrats who live in a nexus of obedience and command in which they are normally expected to play subordinate roles. **Yet this is precisely the immediate cause of the ecological crisis of our time** -- a cause that has its historic roots in the market society that engulfs us."* [**Toward an Ecological Society**, p. 81]

Until market society is dismantled, solutions like ethical consumerism will be about as effective as fighting a forest fire with a water pistol. Such solutions are doomed to failure because they promote individual responses to social problems, problems that by their very nature require collective action, and deal only with the

symptoms, rather than focusing on the cause of the problem in the first place.

SECTION F - IS "ANARCHO"- CAPITALISM A TYPE OF ANARCHISM?

INTRODUCTION

F.1 ARE "ANARCHO"-CAPITALISTS REALLY ANARCHISTS?

F.1.1 WHY IS THE FAILURE TO RENOUNCE
HIERARCHY THE ACHILLES HEEL OF
RIGHT-WING LIBERTARIANISM AND
"ANARCHO"-CAPITALISM?

F.1.2 HOW LIBERTARIAN IS RIGHT-
LIBERTARIAN THEORY?

F.1.3 IS RIGHT-LIBERTARIAN THEORY
SCIENTIFIC IN NATURE?

F.2 WHAT DO "ANARCHO"-CAPITALISTS MEAN BY "FREEDOM?"

F.2.1 WHAT ARE THE IMPLICATIONS OF DEFINING LIBERTY IN TERMS OF (PROPERTY) RIGHTS?

F.2.2 HOW DOES PRIVATE PROPERTY AFFECT FREEDOM?

F.2.3 CAN "ANARCHO"-CAPITALIST THEORY JUSTIFY THE STATE?

F.2.4 BUT SURELY TRANSACTIONS ON THE MARKET ARE VOLUNTARY?

F.2.5 BUT SURELY CIRCUMSTANCES ARE THE RESULT OF LIBERTY AND SO CANNOT BE OBJECTED TO?

F.2.6 DO LIBERTARIAN-CAPITALISTS SUPPORT SLAVERY?

F.2.7 BUT SURELY ABOLISHING CAPITALISM WOULD RESTRICT LIBERTY?

F.2.8 WHY SHOULD WE REJECT THE "ANARCHO"-CAPITALIST DEFINITIONS OF FREEDOM AND JUSTICE?

F.3 WHY DO "ANARCHO"-CAPITALISTS GENERALLY PLACE LITTLE OR NO VALUE ON "EQUALITY," AND WHAT DO THEY MEAN BY THAT TERM?

F.3.1 Why is this disregard for equality important?

F.3.2 But what about "anarcho"-capitalist support for charity?

F.4 WHAT IS THE RIGHT-LIBERTARIAN POSITION ON PRIVATE PROPERTY?

F.4.1 What is wrong with a "homesteading" theory of property?

F.4.2 Why is the "Lockean Proviso" important?

F.4.3 How does private property affect individualism?

F.4.4 How does private property affect relationships?

F.4.5 Does private property co-ordinate without hierarchy?

F.5 WILL PRIVATISING "THE COMMONS" INCREASE LIBERTY?

F.6 IS "ANARCHO" CAPITALISM AGAINST THE STATE?

F.6.1 What's wrong with this "free market" justice?

F.6.2 What are the social consequences of such a system?

F.6.3 But surely Market Forces will stop abuse by the rich?

F.6.4 Why are these "defence associations" states?

F.6.5 What other effects would "free market" justice have?

F.7 WHAT IS THE MYTH OF "NATURAL LAW"?

F.7.1 Why "Natural Law" in the first place?

F.7.2 But "Natural Law" provides protection for individual rights from violation by the State. Those against Natural Law desire total rule by the state.

F.7.3 Why is "Natural Law" authoritarian?

F.7.4 Does "Natural Law" actually provides protection for individual liberty?

F.7.5 But Natural Law was discovered, not invented!

F.7.6 Why is the notion of "discovery" contradictory?

F.8 WHAT ROLE DID THE STATE TAKE IN THE CREATION OF CAPITALISM?

F.8.1 What social forces lay behind the rise of capitalism?

F.8.2 What was the social context of the statement "laissez-faire"?

F.8.3 What other forms did state intervention in creating capitalism take?

F.8.4 Aren't the enclosures a socialist myth?

F.8.5 What about the lack of enclosures in the Americas?

F.8.6 How did working people view the rise of capitalism?

F.8.7 Why is the history of capitalism important?

F.9 IS MEDIEVAL ICELAND AN EXAMPLE OF "ANARCHO"-CAPITALISM WORKING IN PRACTICE?

F.10 WOULD LAISSEZ-FAIRE CAPITALISM BE STABLE?

F.10.1 Would privatising banking make capitalism stable?

F.10.2 How does the labour market effect capitalism?

F.10.3 Was laissez-faire capitalism stable?

SECTION F - IS "ANARCHO"- CAPITALISM A TYPE OF ANARCHISM?

Anyone who has followed political discussion on the net has probably come across people calling themselves libertarians but arguing from a right-wing, pro-capitalist perspective. For most Europeans this is weird, as in Europe the term "*libertarian*" is almost always used in conjunction with "*socialist*" or "*communist*." In the US, though, the Right has partially succeeded in appropriating this term for itself. Even stranger, however, is that a few of these right-wingers have started calling themselves "anarchists" in what must be one of the finest examples of an oxymoron in the English language: 'Anarcho-capitalist'!!

Arguing with fools is seldom rewarded, but to allow their foolishness to go unchallenged risks allowing them to deceive those who are new to anarchism. That's what this section of the anarchist FAQ is for, to show why the claims of these "anarchist" capitalists are false. Anarchism has always been anti-capitalist and any "anarchism" that claims otherwise cannot be part of the anarchist tradition. So this section of the FAQ does not reflect some kind of debate within anarchism, as many of these types like to pretend, but a debate between anarchism and its old enemy, capitalism. In many ways this debate mirrors the one between Peter Kropotkin and Herbert Spencer, an English pro-capitalist, minimal statist, at the turn the 19th century and, as such, it is hardly new.

The "anarcho"-capitalist argument hinges on using the dictionary definition of "anarchism" and/or "anarchy" -

they try to define anarchism as being "opposition to government," and nothing else. However, dictionaries are hardly politically sophisticated and their definitions rarely reflect the wide range of ideas associated with political theories and their history. Thus the dictionary "definition" of anarchism will tend to ignore its consistent views on property, exploitation, property and capitalism (ideas easily discovered if actual anarchist texts are read). And, of course, many dictionaries "define" anarchy as "chaos" or "disorder" but we never see "anarcho"-capitalists use that particular definition!

And for this strategy to work, a lot of "inconvenient" history and ideas from all branches of anarchism must be ignored. From individualists like Spooner and Tucker to communists like Kropotkin and Malatesta, anarchists have always been anti-capitalist (see [section G](#) for more on the anti-capitalist nature of individualist anarchism). Therefore "anarcho"-capitalists are not anarchists in the same sense that rain is not dry.

Of course, we cannot stop the "anarcho"-capitalists using the words "anarcho", "anarchism" and "anarchy" to describe their ideas. The democracies of the west could not stop the Chinese Stalinist state calling itself the People's Republic of China. Nor could the social democrats stop the fascists in Germany calling themselves "National Socialists". Nor could the Italian anarcho-syndicalists stop the fascists using the expression "National Syndicalism". This does not mean that any of these movements actual name reflected their content -- China is a dictatorship, not a democracy, the Nazi's were not socialists (capitalists made fortunes in Nazi Germany because it crushed the labour movement), and the Italian fascist state had nothing in common with

anarcho-syndicalists ideas of decentralised, "from the bottom top up" unions and the abolition of the state and capitalism.

Therefore, just because someone uses a label it does not mean that they support the ideas associated with that label. And this is the case with "anarcho"-capitalism -- its ideas are at odds with the key ideas associated with all forms of traditional anarchism (even individualist anarchism which is often claimed as being a forefather of the ideology).

All we can do is indicate **why** "anarcho"-capitalism is not part of the anarchist tradition and so has falsely appropriated the name. This section of the FAQ aims to do just that -- present the case why "anarcho"-capitalists are not anarchists. We do this, in part, by indicating where they differ from genuine anarchists (on such essential issues as private property, equality, exploitation and opposition to hierarchy) In addition, we take the opportunity to present a general critique of right-libertarian claims from an anarchist perspective. In this way we show up why anarchists reject that theory as being opposed to liberty and anarchist ideals.

We are covering this topic in an anarchist FAQ for only one reason -- the high number of "libertarian" and "anarcho"-capitalists on the net (likely a class-based phenomenon, based on ownership of computers!) As we have extensively documented in earlier sections, anarchist theory has always been anti-capitalist. There is no relationship between anarchism and capitalism, in any form. Therefore, there is a need for this section in order to indicate exactly why "anarcho"-capitalism is not anarchist. We have, in earlier sections (see [section B](#) in

particular), indicated why the idea of a "libertarian" capitalism is itself nonsense and will not repeat ourselves here.

So this section of the FAQ does not, as we noted above, represent some kind of "debate" within anarchism. It reflects the attempt by anarchists to reclaim the history and meaning of anarchism from those who are attempting to steal its name (just as right-wingers in America have attempted to appropriate the name "libertarian" for their pro-capitalist views, and by so doing ignore over 100 years of anti-capitalist usage). However, this section also serves two other purposes. Firstly, critiquing right-libertarian and "anarcho"-capitalist theories allows us to explain anarchist ones at the same time and indicate why they are better. Secondly, and more importantly, the "ideas" and "ideals" that underlie "anarcho"-capitalism are usually identical (or, at the very least, similar) to those of neo-liberalism (as Bob Black points out, a *"wing of the Reaganist Right has obviously appropriated, with suspect selectivity, such libertarian themes as deregulation and voluntarism. Ideologues indignant that Reagan has travestied their principles. Tough shit! I notice that it's their principles, not mine, that he found suitable to travesty"* [**The Libertarian As Conservative**]). And as neo-liberalism is being used as the ideological basis of the current attack on the working class, critiquing "anarcho" capitalism and right-libertarianism also allows use to build theoretical weapons to use to resist this attack and aid the class struggle.

A few more points before beginning. When debating with "libertarian" or "anarchist" capitalists it's necessary to remember that while they claim "real capitalism" does

not exist (because all existing forms of capitalism are statist), they will claim that all the good things we have - advanced medical technology, consumer choice of products, etc. -- are nevertheless due to "capitalism." Yet if you point out any problems in modern life, these will be blamed on "statism." Since there has never been and never will be a capitalist system without some sort of state, it's hard to argue against this "logic." Many actually use the example of the Internet as proof of the power of "capitalism," ignoring the fact that the state paid for its development before turning it over to companies to make a profit from it. Similar points can be made about numerous other products of "capitalism" and the world we live in. To artificially separate one aspect of a complex evolution fails to understand the nature and history of the capitalist system.

In addition to this ability to be selective about the history and results of capitalism, their theory has a great "escape clause." If wealthy employers abuse their power or the rights of the working class (as they have always done), then they have (according to "libertarian" ideology) ceased to be capitalists! This is based upon the misperception that an economic system that relies on force **cannot** be capitalistic. This is **very** handy as it can absolve the ideology from blame for any (excessive) oppression which results from its practice. Thus individuals are always to blame, **not** the system that generated the opportunities for abuse they freely used.

Anarchism has always been aware of the existence of "free market" capitalism, particularly its extreme (minimal statist) wing, and has always rejected it. For example, Proudhon noted that *"the disciples of Malthus and of Say, who oppose with all their might any*

intervention of the State in matters commercial or industrial, do not fail to avail themselves of this seemingly liberal attitude, and to show themselves more revolutionary than the Revolution. More than one honest searcher has been deceived thereby." However, this apparent "libertarian" attitude of supporters of capitalism is false as pure free market capitalism cannot solve the social question, which arises because of capitalism itself. Thus *"this inaction of Power in economic matters [celebrated by the "free market" right] was the foundation of government. What need should we have of a political organisation, if Power once permitted us to enjoy economic order?"* [**The General Idea of the Revolution**, p. 226] Instead of capitalism, Proudhon advocated the *"constitution of Value,"* the *"organisation of credit,"* the elimination of interest, the *"establishment of workingmen's associations"* and *"the use of a just price."* [**Ibid.**, p. 233]

Thus anarchists have evaluated "free market" capitalism and rejected it as non-anarchist over 150 years ago. Attempts by "anarcho"-capitalism to say that their system is "anarchist" flies in the face of this long history of anarchist analysis.

More generally, we must stress that most (if not all) anarchists do not want to live in a society **just like this one** but without state coercion and (the initiation of) force. Anarchists do not confuse "freedom" with the "right" to govern and exploit others nor with being able to change masters. It is not enough to say we can start our own (co-operative) business in such a society. We want the abolition of the capitalist system of authoritarian relationships, not just a change of bosses or the possibility of little islands of liberty within a sea of

capitalism (islands which are always in danger of being flooded and our activity destroyed). Thus, in this section of the FAQ, we analysis many "anarcho"-capitalist claims on their own terms (for example, the importance of equality in the market or why capitalism cannot be reformed away by exchanges on the capitalist market) but that does not mean we desire a society nearly identical to the current one. Far from it, we want to transform this society into one more suited for developing and enriching individuality and freedom. But before we can achieve that we must critically evaluate the current society and point out its basic limitations.

Finally, we dedicate this section of the FAQ to those who have seen the real face of "free market" capitalism at work: the working men and women (anarchist or not) murdered in the jails and concentration camps or on the streets by the hired assassins of capitalism.

F.1 ARE "ANARCHO"-CAPITALISTS REALLY ANARCHISTS?

In a word, no. While "anarcho"-capitalists obviously try to associate themselves with the anarchist tradition by using the word "anarcho", their ideas are distinctly at odds with those associated with anarchism. Because of this any claims that their ideas are anarchist or that they are part of the anarchist tradition or movement are false.

"Anarcho"-capitalists claim to be anarchists because they say that they oppose government. As such, as noted in the [last section](#), they use a dictionary definition of anarchism. However, this fails to appreciate that anarchism is a **political theory**, not a dictionary definition. As dictionaries are rarely politically sophisticated things, this means that they fail to recognise that anarchism is more than just opposition to government, it is also marked a opposition to capitalism (i.e. exploitation and private property). Thus, opposition to government is a necessary but not sufficient condition for being an anarchist -- you also need to be opposed to exploitation and capitalist private property. As "anarcho"-capitalists do not consider interest, rent and profits (i.e. capitalism) to be exploitative nor oppose capitalist property rights, they are not anarchists.

So in what ways do "anarcho"-capitalists differ from anarchists? There are three main ones:

Firstly, unlike both Individualist and Social anarchists, "anarcho"-capitalists support capitalism (a "pure" free market type of capitalism). This means that they reject totally the ideas of anarchists with regards to property

and economic analysis. For example, like all supporters of capitalists they consider rent, profit and interest as valid incomes. In contrast, all Anarchists consider these as exploitation and agree with the Individualist Anarchist Tucker when argued that "*[w]hoever contributes to production is alone entitled. **What** has no rights that **who** is bound to respect. **What** is a thing. **Who** is a person. Things have no claims; they exist only to be claimed. The possession of a right cannot be predicted of dead material, but only a living person.*" [quoted by Wm. Gary Kline, **The Individualist Anarchists**, p. 73] (And this, we must note, is the fundamental critique of the capitalist theory that capital is productive. In and of themselves, fixed costs do not create value. Rather value is creation depends on how investments are developed and used once in place. Because of this the Individualist Anarchists considered non-labour derived income as usury, unlike "anarcho"-capitalists).

Similarly, anarchists reject the notion of capitalist property rights in favour of possession (including the full fruits of one's labour). For example, anarchists reject private ownership of land in favour of a "*occupancy and use*" regime. In this we follow Proudhon's **What is Property?** and argue that "*property is theft*".

As these ideas are an **essential** part of anarchist politics, they cannot be removed without seriously damaging the rest of the theory. This can be seen from Tucker's comments that "***Liberty** insists. . . [on] the abolition of the State and the abolition of usury; on no more government of man by man, and no more exploitation of man by man.*" [cited by Eunice Schuster in **Native American Anarchism**, p. 140]. He indicates that anarchism has specific economic **and** political ideas, that

it opposes capitalism along with the state. Therefore anarchism was never purely a "political" concept, but always combined an opposition to oppression with an opposition to exploitation. The social anarchists made exactly the same point. Which means that when Tucker argued that "*Liberty insists on Socialism. . . - true Socialism, Anarchistic Socialism: the prevalence on earth of Liberty, Equality, and Solidarity*" [**Instead of a Book**, p. 363] he knew exactly what he was saying and meant it whole heartedly.

This combination of the political and economic is essential as they mutually reinforce each other. Without the economic ideas, the political ideas would be meaningless as inequality would make a mockery of them. As Kline notes, the Individualist Anarchists' "*proposals were designed to establish true equality of opportunity . . . and they expected this would result in a society without great wealth or poverty. In the absence of monopolistic factors which would distort competition, they expected a society largely of self-employed workmen with no significant disparity of wealth between any of them since all would be required to live at their own expense and not at the expense of exploited fellow human beings.*" [**Op. Cit.**, pp. 103-4]

By removing the underlying commitment to abolish non-labour income, any "anarchist" capitalist society would have vast differences in wealth and so power. Instead of a government imposed monopolies in land, money and so on, the economic power flowing from private property and capital would ensure that the majority remained in (to use Spooner's words) "*the condition of servants*" (see sections [F.2](#) and [F.3.1](#) for more on this). The Individualist Anarchists were aware of this danger and

so supported economic ideas that opposed usury (i.e. rent, profit and interest) and ensured the worker the full value of her labour. While not all of them called these ideas "socialist" it is clear that these ideas **are** socialist in nature and in aim (similarly, not all the Individualist Anarchists called themselves anarchists but their ideas are clearly anarchist in nature and in aim).

Because "anarcho"-capitalists embrace capitalism and reject socialism, they cannot be considered anarchists or part of the anarchist tradition.

Which brings us nicely to the second point, namely a lack of concern for equality. In stark contrast to anarchists of all schools, inequality is not seen to be a problem with "anarcho"-capitalists (see [section F.3](#)). However, it is a truism that not all "traders" are equally subject to the market (i.e. have the same market power). In many cases, a few have sufficient control of resources to influence or determine price and in such cases, all others must submit to those terms or not buy the commodity. When the commodity is labour power, even this option is lacking -- workers have to accept a job in order to live. As we argue in [section F.10.2](#), workers are usually at a disadvantage on the labour market when compared to capitalists, and this forces them to sell their liberty in return for making profits for others. These profits increase inequality in society as the property owners receive the surplus value their workers produce. This increases inequality further, consolidating market power and so weakens the bargaining position of workers further, ensuring that even the freest competition possible could not eliminate class power and society (something B. Tucker recognised as occurring with the development of trusts within capitalism -- see

[section G.4](#)). Little wonder Proudhon argued that the law of supply and demand was a "*deceitful law . . . suitable only for assuring the victory of the strong over the weak, of those who own property over those who own nothing.*" [quoted by Alan Ritter, **The Political Thought of Pierre-Joseph Proudhon**, p. 121]

Wage labour is a key way of creating, maintaining and increasing inequality (as well as being a source of domination and subordination, i.e. unfreedom). Needless to say, inequalities of power and wealth do not restrict themselves solely to workplaces nor is the damage of hierarchy upon individuals and their liberty limited to working hours. Both have a deep impact on the rest of society, expanding into **all** areas of life and restricting liberty everywhere (see [section F.3](#) for a further discussion on this). You cannot isolate one aspect of life (i.e. work) and believe that it will somehow not affect all others. However, the "anarcho"-capitalist seems to believe you can.

Therefore anarchists recognise that "free exchange" in unequal circumstances will increase inequality between individuals and classes, **not** reduce it (and that inequality will produce social relationships which are based on hierarchy and domination, **not** freedom). As Noam Chomsky put it:

"Anarcho-capitalism, in my opinion, is a doctrinal system which, if ever implemented, would lead to forms of tyranny and oppression that have few counterparts in human history. There isn't the slightest possibility that its (in my view, horrendous) ideas would be

implemented, because they would quickly destroy any society that made this colossal error. The idea of 'free contract' between the potentate and his starving subject is a sick joke, perhaps worth some moments in an academic seminar exploring the consequences of (in my view, absurd) ideas, but nowhere else."
[Noam Chomsky on Anarchism, interview with Tom Lane, December 23, 1996]

Because of the evil effects of inequality on freedom, both the social and individualist anarchists desired to create an environment in which circumstances would not drive people to sell their liberty to others in return for wages. In other words, they desired an equalisation of market power by opposing interest, rent and profit and capitalist definitions of private property. Kline summarises this by saying "*the American [individualist] anarchists exposed the tension existing in liberal thought between private property and the ideal of equal access. The Individual Anarchists were, at least, aware that existing conditions were far from ideal, that the system itself working against the majority of individuals in their efforts to attain its promises. Lack of capital, the means to creation and accumulation of wealth, usually doomed a labourer to a life of exploitation. This the anarchists knew and they abhorred such a system.*" [Op. Cit., p. 102]

And this desire for bargaining equality is reflected in their economic ideas and by removing these underlying economic ideas of the individualist anarchists, "anarcho"-capitalism makes a mockery of any ideas they

do appropriate. Essentially, the Individualist Anarchists agreed with Rousseau that in order to prevent extreme inequality of fortunes you deprive people of the means to accumulate in the first place and **not** take away wealth from the rich. An important point which "anarcho"-capitalism fails to understand or appreciate.

In addition, we must note that such inequalities in power and wealth will need "defending" from those subject to them ("anarcho"-capitalists recognise the need for private police and courts to defend property from theft -- and, anarchists add, to defend the theft and despotism associated with property!). Due to its support of private property (and thus authority), "anarcho"-capitalism ends up retaining a state in its "anarchy"; namely a **private** state whose existence its proponents attempt to deny simply by refusing to call it a state, like an ostrich hiding its head in the sand (see [section F.6](#) for more on this and why "anarcho"-capitalism is better described as "private state" capitalism).

For anarchists, this need of capitalism for some kind of state is unsurprising because:

"Anarchy without socialism seems equally as impossible to us [as socialism without anarchy], for in such a case it could not be other than the domination of the strongest, and would therefore set in motion right away the organisation and consolidation of this domination; that is to the constitution of government." [Errico Malatesta, **Life and Ideas**, p. 148]

Because of this, the "anarcho"-capitalist rejection of anarchist ideas on capitalist property economics and the need for equality, they cannot be considered anarchists or part of the anarchist tradition.

Thirdly, unlike anarchists, "anarcho"-capitalists consider a society of generalised wage labour as a free and non-exploitative one -- but such a society is opposed by anarchists. Like all socialists, anarchists desire to see workers reunited with the means of production they use and so end the exploitation of workers by capitalists and landlords. In other words, when the Individual anarchists called themselves "socialists" they meant it (see [section G](#) for more details on this)!

If we look at the work of Individualist Anarchist Lysander Spooner, we find that he considered capitalism to result in labourers becoming *"mere tools and machines in the hands of their employers"* and labour *"only for the benefit of their employers."* [**A Letter to Grover Cleveland**, p. 50] He considered the Money Monopoly (a combination of specie commodity money and a 10% tax on non-registered banks) as *"the one great obstacle to the liberation of the labouring classes all over the world"*, a monopoly created by *"the employers of wage labour"* to ensure necessity *"compel[led] them [the great body of wealth producers] . . . - by the alternative of starvation - to sell their labour to the money monopolists."* [**Op. Cit.**, p. 49, p. 48, p. 20]

Such an analysis is essentially socialist in nature, recognising that apparently "free" markets create conditions which drive working class people to sell their liberty on the market. Similarly, his vision of a free society is also socialist, with wage labour no more. With

the end of the money (and land) monopolies, he considered that *"with few or no exceptions"* working people would stop being wage slaves and become self-employed workers. In stark contrast to wage labour, he considered that free labour involved the worker *"appl[ying] both his . . . head and his hands"* [Op. Cit., p. 48, p. 50]. Thus Spooner recognised that under wage labour, there is a division of labour, with a few using their heads (giving orders) and the many using their hands (following orders).

"Committed as they were to equality in the pursuit of property," argues Kline, *"the objective for the anarchist became the construction of a society providing equal access to those things necessary for creating wealth. The goal of the anarchists who extolled mutualism and the abolition of all monopolies was, then, a society where everyone willing to work would have the tools and raw materials necessary for production in a non-exploitative system . . . the dominant vision of the future society . . . [was] underpinned by individual, self-employed workers."* [Op. Cit., p. 95]

"Anarcho"-capitalists assume that generalised wage labour would remain under their system (while paying lip-service to the possibilities of co-operatives -- and if an "anarcho"-capitalist thinks that co-operative will become the dominant form of workplace organisation, then they are some kind of market socialist, **not** a capitalist). It is clear that their end point (a pure capitalism, i.e. generalised wage labour) is directly the opposite of that desired by anarchists. This was the case of the Individualist Anarchists who embraced the ideal of (non-capitalist) laissez faire competition -- they did so, as noted, to **end** wage labour and usury, **not** to

maintain them (indeed, their analysis of the change in American society from one of mainly independent producers into one based mainly upon wage labour has many parallels with, of all people, Karl Marx's presented in chapter 33 of **Capital**).

"Anarcho"-capitalists, in contrast, believe that it is likely that workplaces will remain hierarchical (i.e. capitalistic) even if the public state has been dissolved and that this is of no concern. This belief reveals the priority of their values: "efficiency" (the bottom line) is considered more important than eliminating the domination, coercion, and exploitation of workers. Similarly, they consider that profits, interest and rent as valid sources of income while anarchists oppose these as usury and exploitative.

Moreover, in practice, wage labour is a major source of oppression and authoritarianism within society -- there is little or no freedom within capitalist production (as Bakunin noted, *"the worker sells his person and his liberty for a given time"*). So, in stark contrast to anarchists, "anarcho"-capitalists have no problem with factory fascism (i.e. wage labour), a position which seems highly illogical for a theory calling itself libertarian. If it were truly libertarian, it would oppose all forms of domination, not just statism. This position flows from the "anarcho"-capitalist definition of freedom as the absence of coercion and will be discussed in [section F.2](#) in more detail.

This whole-hearted support for wage labour and capitalist property rights indicates that "anarcho"-capitalists are not anarchists because they do not reject all forms of **archy**. They obviously support the hierarchy between boss and worker (wage labour) and landlord and

tenant. Anarchism, by definition, is against all forms of *archy*, including the hierarchy generated by capitalist property. To ignore the obvious *archy* associated with capitalist property is highly illogical.

The anti-anarchist nature of "anarcho"-capitalism can best be seen by quoting a leading "anarcho"-capitalist, Murray Rothbard. He argues, that the state *"arrogates to itself a monopoly of force, of ultimate decision-making power, over a given area territorial area."* [Rothbard, **The Ethics of Liberty**, p. 170] In and of itself, this definition is unremarkable. Unfortunately for him (and "anarcho"-capitalist claims of being anarchist), he also notes that capitalist property owners have similar powers. As he states, *"[o]bviously, in a free society, Smith has the ultimate decision-making power over his own just property, Jones over his, etc."* [Op. Cit., p. 173] and, equally obviously, this ultimate-decision making power extends to those who **use**, but do not own, such property (i.e. tenants and workers). The statist nature of property property is clearly indicated by Rothbard's words -- the property owner in an "anarcho"-capitalist society possesses the *"ultimate decision-making power"* over a given area, which is also what the state has currently.

As we argue in more depth in [section F.2](#), "anarcho"-capitalism cannot be considered as anarchist simply because they replace the authority of the state with that of the property owner. Both has *"ultimate decision-making power"* over a given area and so over those who live in (or use) that area. The similarities between capitalism and statism are clear -- and so why "anarcho"-capitalism cannot be anarchist. To reject the authority (the *"ultimate decision-making power"*) of the state and

embrace that of the property owner indicates not only a highly illogical stance but one at odds with the basic principles of anarchism.

Thus anarchism is far more than the common dictionary definition of "*no government*" -- it also entails being against all forms of *archy*, including those generated by capitalist property. This is clear from the roots of the word "anarchy." As we noted in [section A.1](#), the word anarchy means "*no rulers*" or "*contrary to authority*". As Rothbard himself acknowledges, the property owner is the ruler of their property and, therefore, those who use it (hence Bakunin's above quoted comment that "*the worker sells his person and his liberty for a given time*"). For this reason "anarcho"-capitalism cannot be considered as a form of anarchism -- a real anarchist must logically oppose the authority of the property owner along with that of the state.

Because "anarcho"-capitalism does not explicitly (or implicitly, for that matter) call for economic arrangements that will end wage labour and usury they cannot be considered anarchists or part of the anarchist tradition.

To conclude.

Political theories should be identified by their actual features and history rather than labels. Once we recognise that, we soon find out that "anarcho"-capitalism is an oxymoron. Anarchists and "anarcho"-capitalists are not part of the same movement or tradition. Their ideas and aims are in direct opposition to those of all kinds of anarchists.

While anarchists have always opposed capitalism, "anarcho"-capitalists have embraced it. And due to this embrace their "anarchy" will be marked by extensive differences in wealth and power, differences that will show themselves up in relationships based upon subordination and hierarchy (such as wage labour), **not** freedom (little wonder that Proudhon argued that *"property is despotism"* -- it creates authoritarian and hierarchical relationships between people in a similar way to statism).

Their support for "free market" capitalism ignores the impact of wealth and power on the nature and outcome of individual decisions within the market (see sections [F.2](#) and [F.3](#) for further discussion). For example, as we indicate in sections [J.5.10](#), [J.5.11](#) and [J.5.12](#) wage labour is less efficient than self-management in production but due to the structure and dynamics of the capitalist market, "market forces" will actively discourage self-management due to its empowering nature for workers. In other words, a developed capitalist market will promote hierarchy and unfreedom in production in spite of its effects on individual workers and their wants (see also [section F.10.2](#)). Thus "free market" capitalism tends to re-enforce inequalities of wealth and power, **not** eliminate them.

Furthermore, any such system of (economic and social) power will require extensive force to maintain it and the "anarcho"-capitalist system of competing "defence firms" will simply be a new state, enforcing capitalist power, property rights and law.

Overall, the lack of concern for meaningful freedom within production and the effects of vast differences in

power and wealth within society as a whole makes "anarcho"-capitalism little better than "anarchism for the rich." Emma Goldman recognised this when she argued that *"'Rugged individualism' has meant all the 'individualism' for the masters . . . in whose name political tyranny and social oppression are defended and held up as virtues while every aspiration and attempt of man to gain freedom . . . is denounced as . . . evil in the name of that same individualism."* [**Red Emma Speaks**, p. 112] And, as such, is no anarchism at all.

So, unlike anarchists, "anarcho"-capitalists do not seek the *"abolition of the proletariat"* (to use Proudhon's expression) via changing capitalist property rights and institutions. Thus the "anarcho"-capitalist and the anarchist have different starting positions and opposite ends in mind and so they cannot be considered part of the same (anarchist) tradition.

As we discuss further in later sections, the "anarcho"-capitalist claims to being anarchists are bogus simply because they reject so much of the anarchist tradition as to make what they do accept non-anarchist in theory and practice. Little wonder Peter Marshall said that *"few anarchists would accept the 'anarcho-capitalists' into the anarchist camp since they do not share a concern for economic equality and social justice."* [**Demanding the Impossible**, p. 565]

F.1.1 WHY IS THE FAILURE TO RENOUNCE HIERARCHY THE ACHILLES HEEL OF RIGHT-WING LIBERTARIANISM AND "ANARCHO"-CAPITALISM?

Any capitalist system will produce vast differences in economic (and social) wealth and power. As we argue in [section F.3.1](#), such differences will reflect themselves in the market and any "free" contracts agreed there will create hierarchical relationships. Thus capitalism is marked by hierarchy (see [section B.1.2](#)) and, unsurprisingly, right-libertarians and "anarcho"-capitalists fail to oppose such "free market" generated hierarchy.

Both groups approve of it in the capitalist workplace or rented accommodation and the right-Libertarians also approve of it in a 'minimal' state to protect private property ("anarcho"-capitalists, in contrast, approve of the use of private defence firms to protect property). But the failure of these two movements to renounce hierarchy is their weakest point. For anti-authoritarianism has sunk deep roots into the modern psyche, as a legacy of the sixties.

Many people who do not even know what anarchism is have been profoundly affected by the personal liberation and counterculture movements of the past thirty years, epitomised by the popular bumper sticker, *"Question Authority."* As a result, society now tolerates much more choice than ever before in matters of religion, sexuality, art, music, clothing, and other components of lifestyle. We need only recall the conservatism that reigned in such areas during the fifties to see that the idea of liberty has made tremendous advances in just a few decades.

Although this liberatory impulse has so far been confined almost entirely to the personal and cultural realms, it may yet be capable of spilling over and affecting economic and political institutions, provided it continues to grow. The Right is well aware of this, as seen in its ongoing campaigns for "family values," school prayer, suppression of women's rights, fundamentalist Christianity, sexual abstinence before marriage, and other attempts to revive the Ozzie-and-Harriet mindset of the Good Old Days. This is where the efforts of "cultural anarchists" -- artists, musicians, poets, and others -- are important in keeping alive the ideal of personal freedom and resistance to authority as a necessary foundation for economic and political restructuring.

Indeed, the libertarian right (as a whole) support restrictions on freedom **as long as its not the state that is doing it!** Their support for capitalism means that they have no problem with bosses dictating what workers do during working hours (nor outside working hours, if the job requires employees to take drug tests or not be gay in order to keep it). If a private landlord or company decrees a mandatory rule or mode of living, workers/tenets must "love it or leave it!" Of course, that the same argument also applies to state laws is one hotly denied by right-Libertarians -- a definite case of not seeing the wood for the trees (see [section F.2.3](#)).

Of course, the "anarcho"-capitalist will argue, workers and tenants can find a more liberal boss or landlord. This, however, ignores two key facts. Firstly, being able to move to a more liberal state hardly makes state laws less offensive (as they themselves will be the first to point out). Secondly, looking for a new job or home is

not that easy. Just a moving to a new state can involve drastic upheavals, so change changing jobs and homes. Moreover, the job market is usually a buyers market (it has to be in capitalism, otherwise profits are squeezed -- see sections [C.7](#) and [F.10.2](#)) and this means that workers are not usually in a position (unless they organise) to demand increased liberties at work.

It seems somewhat ironic, to say the least, that right-libertarians place rights of property over the rights of self-ownership, even though (according to their ideology) self-ownership is the foundational right from which property rights are derived. Thus in right-libertarianism the rights of property owners to discriminate and govern the property-less are more important than the freedom from discrimination (i.e. to be yourself) or the freedom to govern oneself at all times.

So, when it boils down to it, right-libertarians are not really bothered about restrictions on liberty and, indeed, they will defend private restrictions on liberty with all their might. This may seem a strange position for self-proclaimed "libertarians" to take, but it flows naturally from their definition of freedom (see [section F.2](#) for a full discussion of this). but by not attacking hierarchy beyond certain forms of statism, the 'libertarian' right fundamentally undermines its claim to be libertarian. Freedom cannot be compartmentalised, but is holistic. The denial of liberty in, say, the workplace, quickly results in its being denied elsewhere in society (due to the impact of the inequalities it would produce) , just as the degrading effects of wage labour and the hierarchies with which is it bound up are felt by the worker outside work.

Neither the Libertarian Party nor so-called "anarcho"-capitalism is **genuinely** anti-authoritarian, as those who are truly dedicated to liberty must be.

F.1.2 HOW LIBERTARIAN IS RIGHT-LIBERTARIAN THEORY?

The short answer is, not very. Liberty not only implies but also requires independent, critical thought (indeed, anarchists would argue that critical thought requires free development and evolution and that it is precisely **this** which capitalist hierarchy crushes). For anarchists a libertarian theory, if it is to be worthy of the name, must be based upon critical thought and reflect the key aspect that characterises life - change and the ability to evolve. To hold up dogma and base "theory" upon assumptions (as opposed to facts) is the opposite of a libertarian frame of mind. A libertarian theory must be based upon reality and recognise the need for change and the existence of change. Unfortunately, right-Libertarianism is marked more by ideology than critical analysis.

Right-Libertarianism is characterised by a strong tendency of creating theories based upon assumptions and deductions from these axioms (for a discussion on the pre-scientific nature of this methodology and of its dangers, see the [next section](#)). Robert Nozick, for example, in **Anarchy, State, and Utopia** makes no attempt to provide a justification of the property rights his whole theory is based upon. His main assumption is that *"[i]ndividuals have rights, and there are certain things no person or group may do to them (without violating their rights)."* [**Anarchy, State and Utopia**, p. ix] While this does have its intuitive appeal, it is not

much to base a political ideology upon. After all, what rights people consider as valid can be pretty subjective and have constantly evolved during history. To say that "individuals have rights" is to open up the question "what rights?" Indeed, as we argue in greater length in [section F.2](#), such a rights based system as Nozick desires can and does lead to situations developing in which people "consent" to be exploited and oppressed and that, intuitively, many people consider supporting the "violation" of these "certain rights" (by creating other ones) simply because of their evil consequences.

In other words, starting from the assumption "people have [certain] rights" Nozick constructs a theory which, when faced with the reality of unfreedom and domination it would create for the many, justifies this unfreedom as an expression of liberty. In other words, regardless of the outcome, the initial assumptions are what matter. Nozick's intuitive rights system can lead to some very non-intuitive outcomes.

And does Nozick prove the theory of property rights he assumes? He states that *"we shall not formulate [it] here."* [Op. Cit., p. 150] Moreover, it is not formulated anywhere else in his book. And if it is not formulated, what is there to defend? Surely this means that his Libertarianism is without foundations? As Jonathan Wolff notes, Nozick's *"Libertarian property rights remain substantially undefended."* [Robert Nozick: **Property, Justice and the Minimal State**, p. 117] Given that the right to acquire property is critical to his whole theory you would think it important enough to go into in some detail (or at least document). After all, unless he provides us with a firm basis for property

rights then his entitlement theory is nonsense as no one has the right to (private) property.

It could be argued that Nozick **does** present enough information to allow us to piece together a possible argument in favour of property rights based on his modification of the "*Lockean Proviso*" (although he does not point us to these arguments). However, assuming this is the case, such a defence actually fails (see [section B.3.4](#) for more on this). If individuals **do** have rights, these rights do not include property rights in the form Nozick assumes (but does not prove). Nozick appears initially convincing because what he assumes with regards to property is a normal feature of the society we are in (we would be forgiven when we note here that feeble arguments pass for convincing when they are on the same side as the prevailing sentiment).

Similarly, both Murray Rothbard and Ayn Rand (who is infamous for repeating "*A is A*" ad infinitum) do the same - base their ideologies on assumptions (see [section F.7](#) for more on this).

Therefore, we see that most of the leading right-Libertarian ideologues base themselves on assumptions about what "Man" is or the rights they should have (usually in the form that people have (certain) rights because they are people). From these theorems and assumptions they build their respective ideologies, using logic to deduce the conclusions that their assumptions imply. Such a methodology is unscientific and, indeed, a relic of religious (pre-scientific) society (see [next section](#)) but, more importantly, can have negative effects on maximising liberty. This is because this

"methodology" has distinct problems. Murray Bookchin argues:

*"Conventional reason rests on identity, not change; its fundamental principle is that A equals A, the famous 'principle of identity,' which means that any given phenomenon can be only itself and cannot be other than what we immediately perceive it to be at a given moment in time. It does not address the problem of change. A human being is an infant at one time, a child at another, an adolescent at still another, and finally a youth and an adult. When we analyse an infant by means of conventional reason, we are not exploring what it is **becoming** in the process of developing into a child." ["A Philosophical Naturalism", **Society and Nature** No.2, p. 64]*

In other words, right-Libertarian theory is based upon ignoring the fundamental aspect of life - namely **change** and **evolution**. Perhaps it will be argued that identity also accounts for change by including potentiality -- which means, that we have the strange situation that A can **potentially** be A! If A is not actually A, but only has the potential to be A, then A is not A. Thus to include change is to acknowledge that A does not equal A -- that individuals and humanity evolves and so what constitutes A also changes. To maintain identity and then to deny it seems strange.

That change is far from the "A is A" mentality can be seen from Murray Rothbard who goes so far as to state

that "one of the notable attributes of natural law" is "its applicability to all men [sic!], regardless of time or place. Thus ethical law takes its place alongside physical or 'scientific' natural laws." [The Ethics of Liberty, p. 42] Apparently the "nature of man" is the only living thing in nature that does not evolve or change! Of course, it could be argued that by "natural law" Rothbard is only referring to his method of deducing his (and, we stress, they are just his -- not natural) "ethical laws" -- but his methodology starts by assuming certain things about "man." Whether these assumptions seem far or not is besides the point, by using the term "natural law" Rothbard is arguing that any actions that violate **his** ethical laws are somehow "against nature" (but if they were against nature, they could not occur -- see [section F.7](#) for more on this). Deductions from assumptions is a Procrustean bed for humanity (as Rothbard's ideology shows).

So, as can be seen, many leading right-Libertarians place great store by the axiom "A is A" or that "man" has certain rights simply because "he" is a "man". And as Bookchin points out, such conventional reason *"doubtless plays an indispensable role in mathematical thinking and mathematical sciences . . . and in the nuts-and-bolts of dealing with everyday life"* and so is essential to *"understand or design mechanical entities."* [Ibid., p.67] But the question arises, is such reason useful when considering people and other forms of life?

Mechanical entities are but one (small) aspect of human life. Unfortunately for right-Libertarians (and fortunately for the rest of humanity), human beings are **not** mechanical entities but instead are living, breathing, feeling, hoping, dreaming, **changing** living organisms.

They are not mechanical entities and any theory that uses reason based on such (non-living) entities will flounder when faced with living ones. In other words, right-Libertarian theory treats people as the capitalist system tries to -- namely as commodities, as things. Instead of human beings, whose ideas, ideals and ethics change, develop and grow, capitalism and capitalist ideologues try to reduce human life to the level of corn or iron (by emphasising the unchanging "nature" of man and their starting assumptions/rights).

This can be seen from their support for wage labour, the reduction of human activity to a commodity on the market. While paying lip service to liberty and life, right-libertarianism justifies the commodification of labour and life, which within a system of capitalist property rights can result in the treating of people as means to an end as opposed to an end in themselves (see sections [F.2](#) and [F.3.1](#)).

And as Bookchin points out, *"in an age of sharply conflicting values and emotionally charged ideals, such a way of reasoning is often repellent. Dogmatism, authoritarianism, and fear seem all-pervasive."* [*Ibid.*, p. 68] Right-Libertarianism provides more than enough evidence for Bookchin's summary with its support for authoritarian social relationships, hierarchy and even slavery (see [section F.2](#)).

This mechanical viewpoint is also reflected in their lack of appreciation that social institutions and relationships evolve over time and, sometimes, fundamentally change. This can best be seen from property. Right-libertarians fail to see that over time (in the words of Proudhon) property *"changed its nature."* Originally, *"the word*

property was synonymous with . . . *individual possession*" but it became more "*complex*" and turned into **private property** -- "*the right to use it by his neighbour's labour.*" The changing of use-rights to (capitalist) property rights created relations of domination and exploitation between people absent before. For the right-Libertarian, both the tools of the self-employed artisan and the capital of a transnational corporation are both forms of "property" and (so) basically identical. In practice, of course, the social relations they create and the impact they have on society are totally different. Thus the mechanical mind-set of right-Libertarianism fails to understand how institutions, like property, evolve and come to replace whatever freedom enhancing features they had with oppression (indeed, von Mises argued that "*[t]here may possibly be a difference of opinion about whether a particular institution is socially beneficial or harmful. But once it has been judged [by whom, we ask] beneficial, one can no longer contend that, for some inexplicable reason, it must be condemned as immoral*" [**Liberalism**, p. 34] So much for evolution and change!).

Anarchism, in contrast, is based upon the importance of critical thought informed by an awareness that life is in a constant process of change. This means that our ideas on human society must be informed by the facts, not by what we wish was true. For Bookchin, an evaluation of conventional wisdom (as expressed in "*the law of identity*") is essential and its conclusions have "*enormous importance for how we behave as ethical beings, the nature of nature, and our place in the natural world. Moreover. . . these issues directly affect the kind of society, sensibility, and lifeways we wish to foster.*" [Bookchin, **Op. Cit.**, p. 69-70]

Bookchin is correct. While anarchists oppose hierarchy in the name of liberty, right-libertarians support authority and hierarchy, all of which deny freedom and restrict individual development. This is unsurprising because the right-libertarian ideology rejects change and critical thought based upon the scientific method and so is fundamentally **anti-life** in its assumptions and **anti-human** in its method. Far from being a libertarian set of ideas, right-Libertarianism is a mechanical set of dogmas that deny the fundamental nature of life (namely change) and of individuality (namely critical thought and freedom). Moreover, in practice their system of (capitalist) rights would soon result in extensive restrictions on liberty and authoritarian social relationships (see sections [F.2](#) and [F.3](#)) -- a strange result of a theory proclaiming itself "libertarian" but one consistent with its methodology.

From a wider viewpoint, such a rejection of liberty by right-libertarians is unsurprising. They do, after all, support capitalism. Capitalism produces an inverted set of ethics, one in which capital (dead labour) is more important than people (living labour). After all, workers are usually easier to replace than investments in capital and the person who owns capital commands the person who "only" owns his life and productive abilities. And as Oscar Wilde once noted, crimes against property *"are the crimes that the English law, valuing what a man has more than what a man is, punishes with the harshest and most horrible severity."* [**The Soul of Man Under Socialism**]

This mentality is reflected in right-libertarianism when it claims that stealing food is a crime while starving to death (due to the action of market forces/power and

property rights) is no infringement of your rights (see [section F.4.2](#) for a similar argument with regards to water). It can also be seen when right-libertarian's claim that the taxation "*of earnings from labour*" (e.g. of one dollar from a millionaire) is "*on a par with forced labour*" [Nozick, **Op. Cit.**, p. 169] while working in a sweatshop for 14 hours a day (enriching said millionaire) does not affect your liberty as you "consent" to it due to market forces (although, of course, many rich people have earned their money **without** labouring themselves - - their earnings derive from the wage labour of others so would taxing those, non-labour, earnings be "forced labour"?). Interestingly, the Individualist Anarchist Ben Tucker argued that an income tax was "*a recognition of the fact that industrial freedom and equality of opportunity no longer exist here [in the USA in the 1890s] even in the imperfect state in which they once did exist*" [quoted by James Martin, **Men Against the State**, p. 263] which suggests a somewhat different viewpoint on this matter than Nozick or Rothbard.

That capitalism produces an inverted set of ethics can be seen when the Ford produced the Pinto. The Pinto had a flaw in it which meant that if it was hit in a certain way in a crash the fuel tank exploded. The Ford company decided it was more "economically viable" to produce that car and pay damages to those who were injured or the relatives of those who died than pay to change the invested capital. The needs for the owners of capital to make a profit came before the needs of the living. Similarly, bosses often hire people to perform unsafe work in dangerous conditions and fire them if they protest. Right-libertarian ideology is the philosophical equivalent. Its dogma is "capital" and it comes before life (i.e. "labour").

As Bakunin once put it, *"you will always find the idealists in the very act of practical materialism, while you will see the materialists pursuing and realising the most grandly ideal aspirations and thoughts."* [**God and the State**, p. 49] Hence we see right "libertarians" supporting sweat shops and opposing taxation -- for, in the end, money (and the power that goes with it) counts far more in that ideology than ideals such as liberty, individual dignity, empowering, creative and productive work and so forth for all. The central flaw of right-libertarianism is that it does not recognise that the workings of the capitalist market can easily ensure that the majority end up becoming a resource for others in ways far worse than that associated with taxation. The legal rights of self-ownership supported by right-libertarians does not mean that people have the ability to avoid what is in effect enslavement to another (see sections [F.2](#) and [F.3](#)).

Right-Libertarian theory is not based upon a libertarian methodology or perspective and so it is hardly surprising it results in support for authoritarian social relationships and, indeed, slavery (see [section F.2.6](#)).

F.1.3 IS RIGHT-LIBERTARIAN THEORY SCIENTIFIC IN NATURE?

Usually, no. The scientific approach is **inductive**, much of the right-libertarian approach is **deductive**. The first draws generalisations from the data, the second applies preconceived generalisations to the data. A completely deductive approach is pre-scientific, however, which is why many right-Libertarians cannot legitimately claim to

use a scientific method. Deduction does occur in science, but the generalisations are primarily based on other data, not *a priori* assumptions, and are checked against data to see if they are accurate. Anarchists tend to fall into the inductive camp, as Kropotkin put it:

"Precisely this natural-scientific method applied to economic facts, enables us to prove that the so-called 'laws' of middle-class sociology, including also their political economy, are not laws at all, but simply guesses, or mere assertions which have never been verified at all."
[Kropotkin's Revolutionary Pamphlets, p. 153]

The idea that natural-scientific methods can be applied to economic and social life is one that many right-libertarians reject. Instead they favour the deductive (pre-scientific) approach (this we must note is not limited purely to Austrian economists, many more mainstream capitalist economists also embrace deduction over induction).

The tendency for right-Libertarianism to fall into dogmatism (or *a priori* theorems, as they call it) and its implications can best be seen from the work of Ludwig von Mises and other economists from the right-Libertarian "Austrian school." Of course, not all right-libertarians necessarily subscribe to this approach (Murray Rothbard for one did) but its use by so many leading lights of both schools of thought is significant and worthy of comment. And as we are concentrating on **methodology** it is not essential to discuss the starting assumptions. The assumptions (such as, to use

Rothbard's words, the Austrian's "*fundamental axiom that individual human beings act*") may be correct, incorrect or incomplete -- but the method of using them advocated by von Mises ensures that such considerations are irrelevant.

Von Mises (a leading member of the Austrian school of economics) begins by noting that social and economic theory "*is not derived from experience; it is prior to experience...*" Which is back to front. It is obvious that experience of capitalism is necessary in order to develop a viable theory about how it works. Without the experience, any theory is just a flight of fantasy. The actual specific theory we develop is therefore derived from experience, informed by it and will have to get checked against reality to see if it is viable. This is the scientific method - any theory must be checked against the facts.

However, von Mises goes on to argue at length that "*no kind of experience can ever force us to discard or modify **a priori** theorems; they are logically prior to it and cannot be either proved by corroborative experience or disproved by experience to the contrary . . .*"

Von Mises makes a similar claim in his work **Human Action**, namely that experience "*can never . . . prove or disprove any particular theorem . . . The ultimate yardstick of an economic theorem's correctness or incorrectness is solely reason unaided by experience.*" [p. 858]

And if this does not do justice to a full exposition of the phantasmagoria of von Mises' *a priorism*, the reader may take some joy (or horror) from the following statement:

*"If a contradiction appears between a theory and experience, we **must always assume** that a condition pre-supposed by the theory was not present, or else there is some error in our observation. The disagreement between the theory and the facts of experience frequently forces us to think through the problems of the theory again. But so long as a rethinking of the theory uncovers no errors in our thinking, we are not entitled to doubt its truth"* [emphasis added -- the quotes presented here are cited in **Ideology and Method in Economics** by Homa Katouzian, pp. 39-40]

In other words, if reality is in conflict with your ideas, do not adjust your views because reality must be at fault! The scientific method would be to revise the theory in light of the facts. It is not scientific to reject the facts in light of the theory!

Von Mises rejects the scientific approach as do all Austrian Economists. Murray Rothbard states approvingly that *"Mises indeed held not only that economic theory does not need to be 'tested' by historical fact but also that it **cannot** be so tested."* [*Praxeology: The Methodology of Austrian Economics* in **The Foundation of Modern Austrian Economics**, p. 32] Similarly, von Hayek wrote that economic theories can *"never be verified or falsified by reference to facts. All that we can and must verify is the presence of our assumptions in the particular case."* [**Individualism and Economic Order**, p. 73]

This may seem somewhat strange to non-Austrians. How can we ignore reality when deciding whether a theory is a good one or not? If we cannot evaluate our ideas, how can we consider them anything but dogma? The Austrians maintain that we cannot use historical evidence because every historical situation is unique. Thus we cannot use "*complex heterogeneous historical facts as if they were repeatable homogeneous facts*" like those in a scientist's experiment [Rothbard, **Op. Cit.**, p. 33]. While such a position **does** have an element of truth about it, the extreme *a priorism* that is drawn from this element is radically false (just as extreme empiricism is also false, but for different reasons).

Those who hold such a position ensure that their ideas cannot be evaluated beyond logical analysis. As Rothbard makes clear, "*since praxeology begins with a true axiom, A, all that can be deduced from this axiom must also be true. For if A implies B, and A is true, then B must also be true.*" [**Op. Cit.**, pp. 19-20] But such an approach makes the search for truth a game without rules. The Austrian economists (and other right-libertarians) who use this method are free to theorise anything they want, without such irritating constrictions as facts, statistics, data, history or experimental confirmation. Their only guide is logic. But this is no different from what religions do when they assert the logical existence of God. Theories ungrounded in facts and data are easily spun into any belief a person wants. Starting assumptions and trains of logic may contain inaccuracies so small as to be undetectable, yet will yield entirely false conclusions.

In addition, trains of logic may miss things which are only brought to light by actual experiences (after all, the

human mind is not all knowing or all seeing). To ignore actual experience is to lose that input when evaluating a theory. Hence our comments on the irrelevance of the assumptions used -- the methodology is such that incomplete or incorrect assumptions or steps cannot be identified in light of experience. This is because one way of discovering if a given chain of logic requires checking is to test its conclusions against available evidence (although von Mises did argue that the *"ultimate yardstick"* was *"solely reason unaided by experience"*). If we **do** take experience into account and rethink a given theory in the light of contradictory evidence, the problem remains that a given logical chain may be correct, but incomplete or concentrate on or stress inappropriate factors. In other words, our logical deductions may be correct but our starting place or steps wrong and as the facts are to be rejected in the light of the deductive method, we cannot revise our ideas.

Indeed, this approach could result in discarding (certain forms of) human behaviour as irrelevant (which the Austrian system claims using empirical evidence does). For there are too many variables that can have an influence upon individual acts to yield conclusive results explaining human behaviour. Indeed, the deductive approach may ignore as irrelevant certain human motivations which have a decisive impact on an outcome. There could be a strong tendency to project "right-libertarian person" onto the rest of society and history, for example, and draw inappropriate insights into the way human society works or has worked. This can be seen, for example, in attempts to claim pre-capitalist societies as examples of "anarcho"-capitalism in action.

Moreover, deductive reasoning cannot indicate the relative significance of assumptions or theoretical factors. That requires empirical study. It could be that a factor considered important in the theory actually turns out to have little effect in practice and so the derived axioms are so weak as to be seriously misleading.

In such a purely ideal realm, observation and experience are distrusted (when not ignored) and instead theory is the lodestone. Given the bias of most theorists in this tradition, it is unsurprising that this style of economics can always be trusted to produce results proving free markets to be the finest principle of social organisation. And, as an added bonus, reality can be ignored as it is **never** "pure" enough according to the assumptions required by the theory. It could be argued, because of this, that many right-libertarians insulate their theories from criticism by refusing to test them or acknowledge the results of such testing (indeed, it could also be argued that much of right-libertarianism is more a religion than a political theory as it is set-up in such a way that it is either true or false, with this being determined not by evaluating facts but by whether you accept the assumptions and logical chains presented with them).

Strangely enough, while dismissing the "testability" of theories many right-Libertarians (including Murray Rothbard) **do** investigate historical situations and claim them as examples of how well their ideas work in practice. But why does historical fact suddenly become useful when it can be used to bolster the right-Libertarian argument? Any such example is just as "complex" as any other and the good results indicated may not be accountable to the assumptions and steps of the theory but to other factors totally ignored by it. If economic (or

other) theory is untestable then **no** conclusions can be drawn from history, including claims for the superiority of laissez-faire capitalism. You cannot have it both ways -- although we doubt that right-libertarians will stop using history as evidence that their ideas work.

Perhaps the Austrian desire to investigate history is not so strange after all. Clashes with reality make a-priori deductive systems implode as the falsifications run back up the deductive changes to shatter the structure built upon the original axioms. Thus the desire to find **some** example which proves their ideology must be tremendous. However, the deductive a-priori methodology makes them unwilling to admit to being mistaken -- hence their attempts to downplay examples which refute their dogmas. Thus we have the desire for historical examples while at the same time they have extensive ideological justifications that ensure reality only enters their world-view when it agrees with them. In practice, the latter wins as real-life refuses to be boxed into their dogmas and deductions.

Of course it is sometimes argued that it is **complex** data that is the problem. Let us assume that this is the case. It is argued that when dealing with complex information it is impossible to use aggregate data without first having more simple assumptions (i.e. that "humans act"). Due to the complexity of the situation, it is argued, it is impossible to aggregate data because this hides the individual activities that creates it. Thus "complex" data cannot be used to invalidate assumptions or theories. Hence, according to Austrians, the axioms derived from the "simple fact" that "humans act" are the only basis for thinking about the economy.

Such a position is false in two ways.

Firstly, the aggregation of data **does** allow us to understand complex systems. If we look at a chair, we cannot find out whether it is comfortable, its colour, whether it is soft or hard by looking at the atoms that make it up. To suggest that you can is to imply the existence of green, soft, comfortable atoms. Similarly with gases. They are composed to countless individual atoms but scientists do not study them by looking at those atoms and their actions. Within limits, this is also valid for human action. For example, it would be crazy to maintain from historical data that interest rates will be a certain percentage a week but it is valid to maintain that interest rates are known to be related to certain variables in certain ways. Or that certain experiences will tend to result in certain forms of psychological damage. General tendencies and "rules of thumb" can be evolved from such study and these can be used to **guide** current practice and theory. By aggregating data you can produce valid information, rules of thumb, theories and evidence which would be lost if you concentrated on "simple data" (such as "humans act"). Therefore, empirical study produces facts which vary across time and place, and yet underlying and important patterns can be generated (patterns which can be evaluated against **new** data and improved upon).

Secondly, the simple actions themselves influence and are influenced in turn by overall (complex) facts. People act in different ways in different circumstances (something we can agree with Austrians about, although we refuse to take it to their extreme position of rejecting empirical evidence as such). To use simple acts to understand complex systems means to miss the fact that

these acts are not independent of their circumstances. For example, to claim that the capitalist market is "just" the resultant of bilateral exchanges ignores the fact that the market activity shapes the nature and form of these bilateral exchanges. The "simple" data is dependent on the "complex" system -- and so the complex system **cannot** be understood by looking at the simple actions in isolation. To do so would be to draw incomplete and misleading conclusions (and it is due to these interrelations that we argue that aggregate data should be used critically). This is particularly important when looking at capitalism, where the "simple" acts of exchange in the labour market are dependent upon and shaped by circumstances outside these acts.

So to claim that (complex) data cannot be used to evaluate a theory is false. Data can be useful when seeing whether a theory is confirmed by reality. This is the nature of the scientific method -- you compare the results expected by your theory to the facts and if they do not match you check your facts **and** check your theory. This may involve revising the assumptions, methodology and theories you use if the evidence is such as to bring them into question. For example, if you claim that capitalism is based on freedom but that the net result of capitalism is to produce relations of domination between people then it would be valid to revise, for example, your definition of freedom rather than deny that domination restricts freedom (see [section F.2](#) on this). But if actual experience is to be distrusted when evaluating theory, we effectively place ideology above people -- after all, how the ideology affects people in **practice** is irrelevant as experiences cannot be used to evaluate the (logically sound but actually deeply flawed) theory.

As we indicated above (in [section F.1.2](#)) and will discuss in more depth later (in [section F.7](#)) most of the leading right-Libertarian theorists base themselves on such deductive methodologies, starting from assumptions and "logically" drawing conclusions from them. The religious undertones of such methodology can best be seen from the roots of right-Libertarian "Natural law" theory.

Carole Pateman, in her analysis of Liberal contract theory, indicates the religious nature of the "Natural Law" argument so loved by the theorists of the "Radical Right." She notes that for Locke (the main source of the Libertarian Right's Natural Law cult) "*natural law*" was equivalent of "*God's Law*" and that "*God's law exists externally to and independently of individuals.*" [**The Problem of Political Obligation**, p. 154] No role for critical thought there, only obedience. Most modern day "Natural Law" supporters forget to mention this religious undercurrent and instead talk of about "Nature" (or "the market") as the deity that creates Law, not God, in order to appear "rational." So much for science.

Such a basis in dogma and religion can hardly be a firm foundation for liberty and indeed "Natural Law" is marked by a deep authoritarianism:

"Locke's traditional view of natural law provided individual's with an external standard which they could recognise, but which they did not voluntarily choose to order their political life." [**Op. Cit.**, p. 79]

In [section F.7](#) we discuss the authoritarian nature of "Natural Law" and will not do so here. However, here

we must point out the political conclusions Locke draws from his ideas. Pateman summary is worth repeating at length:

Locke believed that *"obedience lasts only as long as protection. His individuals are able to take action themselves to remedy their political lot. . . but this does not mean, as is often assumed, that Locke's theory gives direct support to present-day arguments for a right of civil disobedience. . . His theory allows for two alternatives only: either people go peacefully about their daily affairs under the protection of a liberal, constitutional government, or they are in revolt against a government which has ceased to be 'liberal' and has become arbitrary and tyrannical, so forfeiting its right to obedience."* [Op. Cit., p. 77]

Locke's "rebellion" exists purely to reform a **new** 'liberal' government, not to change the existing socio-economic structure which the 'liberal' government exists to protect. His theory, therefore, indicates the results of a priorism, namely a denial of any form of social dissent which may change the "natural law" as defined by Locke.

So, von Mises, von Hayek and most right-libertarians reject the scientific method in favour of ideological correctness -- if the facts contradict your theory then they can be dismissed as too "complex" or "unique". Facts, however, should inform theory and any theory's methodology should take this into account. To dismiss facts out of hand is to promote dogma. This is not to suggest that a theory should be modified every time new data comes along -- that would be crazy as unique situations **do** exist, data can be wrong and so forth -- but it does suggest that if your theory **continually** comes

into conflict with reality, its time to rethink the theory and not assume that facts cannot invalidate it. A true libertarian would approach a contradiction between reality and theory by evaluating the facts available and changing the theory if this is required, not by ignoring reality or dismissing it as "complex".

Thus, much of right-Libertarian theory is neither libertarian nor scientific. Much of right-libertarian thought is highly axiomatic, being logically deduced from such starting axioms as "*self-ownership*" or "*no one should initiate force against another*". Hence the importance of our discussion of von Mises as this indicates the dangers of this approach, namely the tendency to ignore/dismiss the consequences of these logical chains and, indeed, to justify them in terms of these axioms rather than from the facts. In addition, the methodology used is such as that it would be fair to argue that right-libertarians get to critique reality but reality can never be used to critique right-libertarianism - for any empirical data presented as evidence as be dismissed as "too complex" or "unique" and so irrelevant (unless it can be used to support their claims, of course).

Hence W. Duncan Reekie's argument (quoting leading Austrian economist Israel Kirzner) that "*empirical work 'has the function of establishing the **applicability** of particular theorems, and thus **illustrating** their operation' . . . Confirmation of theory is not possible because there is no constants in human action, nor is it necessary because theorems themselves describe relationships logically developed from hypothesised conditions. Failure of a logically derived axiom to fit the facts does not render it invalid, rather it 'might merely*

indicate inapplicability' to the circumstances of the case." [Markets, Entrepreneurs and Liberty, p. 31]

So, if facts confirm your theory, your theory is right. If facts do not confirm your theory, it is still right but just not applicable in this case! Which has the handy side effect of ensuring that facts can **only** be used to support the ideology, **never** to refute it (which is, according to this perspective, impossible anyway). As Karl Popper argued, a *"theory which is not refutable by any conceivable event is non-scientific."* [Conjectures and Refutations, p. 36] In other words (as we noted above), if reality contradicts your theory, ignore reality!

Kropotkin hoped *"that those who believe in [current economic doctrines] will themselves become convinced of their error as soon as they come to see the necessity of verifying their quantitative deductions by quantitative investigation."* [Op. Cit., p. 178] However, the Austrian approach builds so many barriers to this that it is doubtful that this will occur. Indeed, right-libertarianism, with its focus on exchange rather than its consequences, seems to be based upon justifying domination in terms of their deductions than analysing what freedom actually means in terms of human existence (see [section F.2](#) for a fuller discussion).

The real question is why are such theories taken seriously and arouse such interest. Why are they not simply dismissed out of hand, given their methodology and the authoritarian conclusions they produce? The answer is, in part, that feeble arguments can easily pass for convincing when they are on the same side as the prevailing sentiment and social system. And, of course, there is the utility of such theories for ruling elites -

"[a]n ideological defence of privileges, exploitation, and private power will be welcomed, regardless of its merits." [Noam Chomsky, **The Chomsky Reader**, p. 188]

F.2 WHAT DO "ANARCHO"-CAPITALISTS MEAN BY "FREEDOM"?

For "anarcho"-capitalists, the concept of freedom is limited to the idea of "*freedom from*." For them, freedom means simply freedom from the "*initiation of force*," or the "*non-aggression against anyone's person and property*." [Murray Rothbard, **For a New Liberty**, p. 23] The notion that real freedom must combine both freedom "*to*" **and** freedom "*from*" is missing in their ideology, as is the social context of the so-called freedom they defend.

Before starting, it is useful to quote Alan Haworth when he notes that "*[i]n fact, it is surprising how **little** close attention the concept of freedom receives from libertarian writers. Once again **Anarchy, State, and Utopia** is a case in point. The word 'freedom' doesn't even appear in the index. The word 'liberty' appears, but only to refer the reader to the 'Wilt Chamberlain' passage. In a supposedly 'libertarian' work, this is more than surprising. It is truly remarkable.*" [**Anti-Libertarianism**, p. 95]

Why this is the case can be seen from how the "anarcho"-capitalist defines freedom.

In a right-libertarian or "anarcho"-capitalist society, freedom is considered to be a product of property. As Murray Rothbard puts it, "*the libertarian defines the concept of 'freedom' or 'liberty'. . .[as a] condition in which a person's ownership rights in his body and his legitimate material property rights are not invaded, are*

not aggressed against. . . . Freedom and unrestricted property rights go hand in hand." [Op. Cit., p.41]

This definition has some problems, however. In such a society, one cannot (legitimately) do anything with or on another's property if the owner prohibits it. This means that an individual's only **guaranteed** freedom is determined by the amount of property that he or she owns. This has the consequence that someone with no property has no guaranteed freedom at all (beyond, of course, the freedom not to be murdered or otherwise harmed by the deliberate acts of others). In other words, a distribution of property is a distribution of freedom, as the right-libertarians themselves define it. It strikes anarchists as strange that an ideology that claims to be committed to promoting freedom entails the conclusion that some people should be more free than others. However, this is the logical implication of their view, which raises a serious doubt as to whether "anarcho"-capitalists are actually interested in freedom.

Looking at Rothbard's definition of "liberty" quoted above, we can see that freedom is actually no longer considered to be a fundamental, independent concept. Instead, freedom is a derivative of something more fundamental, namely the "*legitimate rights*" of an individual, which are identified as property rights. In other words, given that "anarcho"-capitalists and right libertarians in general consider the right to property as "absolute," it follows that freedom and property become one and the same. This suggests an alternative name for the right Libertarian, namely "***Propertarian.***" And, needless to say, if we do not accept the right-libertarians' view of what constitutes "legitimate" "rights," then their claim to be defenders of liberty is weak.

Another important implication of this "liberty as property" concept is that it produces a strangely alienated concept of freedom. Liberty, as we noted, is no longer considered absolute, but a derivative of property -- which has the important consequence that you can "sell" your liberty and still be considered free by the ideology. This concept of liberty (namely "liberty as property") is usually termed "self-ownership." But, to state the obvious, I do not "own" myself, as if were an object somehow separable from my subjectivity -- I **am** myself. However, the concept of "self-ownership" is handy for justifying various forms of domination and oppression -- for by agreeing (usually under the force of circumstances, we must note) to certain contracts, an individual can "sell" (or rent out) themselves to others (for example, when workers sell their labour power to capitalists on the "free market"). In effect, "self-ownership" becomes the means of justifying treating people as objects -- ironically, the very thing the concept was created to stop! As L. Susan Brown notes, "[a]t the moment an individual 'sells' labour power to another, he/she loses self-determination and instead is treated as a subjectless instrument for the fulfilment of another's will." [**The Politics of Individualism**, p. 4]

Given that workers are paid to obey, you really have to wonder which planet Murray Rothbard is on when he argues that a person's "*labour service is alienable, but his will is not*" and that he [sic!] "*cannot alienate his will, more particularly his control over his own mind and body.*" [**The Ethics of Liberty**, p. 40, p. 135] He contrasts private property and self-ownership by arguing that "*[a]ll physical property owned by a person is alienable . . . I can give away or sell to another person my shoes, my house, my car, my money, etc. But there*

*are certain vital things which, in natural fact and in the nature of man, are **inalienable** . . . [his] will and control over his own person are inalienable."* [Op. Cit., pp. 134-5]

But "*labour services*" are unlike the private possessions Rothbard lists as being alienable. As we argued in section B.1 ("[Why do anarchists oppose hierarchy](#)") a person's "*labour services*" and "*will*" cannot be divided - if you sell your labour services, you also have to give control of your body and mind to another person! If a worker does not obey the commands of her employer, she is fired. That Rothbard denies this indicates a total lack of common-sense. Perhaps Rothbard will argue that as the worker can quit at any time she does not alienate their will (this seems to be his case against slave contracts -- see section [F.2.6](#)). But this ignores the fact that between the signing and breaking of the contract and during work hours (and perhaps outside work hours, if the boss has mandatory drug testing or will fire workers who attend union or anarchist meetings or those who have an "unnatural" sexuality and so on) the worker **does** alienate his will and body. In the words of Rudolf Rocker, "*under the realities of the capitalist economic form . . . there can be no talk of a 'right over one's own person,' for that ends when one is compelled to submit to the economic dictation of another if he does not want to starve.*" [Anarcho-Syndicalism, p. 17]

Ironically, the rights of property (which are said to flow from an individual's self-ownership of themselves) becomes the means, under capitalism, by which self-ownership of non-property owners is denied. The foundational right (self-ownership) becomes denied by the derivative right (ownership of things). Under

capitalism, a lack of property can be just as oppressive as a lack of legal rights because of the relationships of domination and subjection this situation creates.

So Rothbard's argument (as well as being contradictory) misses the point (and the reality of capitalism). Yes, **if** we define freedom as "*the absence of coercion*" then the idea that wage labour does not restrict liberty is unavoidable, but such a definition is useless. This is because it hides structures of power and relations of domination and subordination. As Carole Pateman argues, "*the contract in which the worker allegedly sells his labour power is a contract in which, since he cannot be separated from his capacities, he sells command over the use of his body and himself. . . To sell command over the use of oneself for a specified period . . . is to be an unfree labourer.*" [**The Sexual Contract**, p. 151]

In other words, contracts about property in the person inevitably create subordination. "Anarcho"-capitalism defines this source of unfreedom away, but it still exists and has a major impact on people's liberty. Therefore freedom is better described as "self-government" or "self-management" -- to be able to govern ones own actions (if alone) or to participate in the determination of joint activity (if part of a group). Freedom, to put it another way, is not an abstract legal concept, but the vital concrete possibility for every human being to bring to full development all their powers, capacities, and talents which nature has endowed them. A key aspect of this is to govern one own actions when within associations (self-management). If we look at freedom this way, we see that coercion is condemned but so is hierarchy (and so is capitalism for during working hours, people are not free to make their own plans and have a

say in what affects them. They are order takers, **not** free individuals).

It is because anarchists have recognised the authoritarian nature of capitalist firms that they have opposed wage labour and capitalist property rights along with the state. They have desired to replace institutions structured by subordination with institutions constituted by free relationships (based, in other words, on self-management) in **all** areas of life, including economic organisations. Hence Proudhon's argument that the "*workmen's associations . . . are full of hope both as a protest against the wage system, and as an affirmation of reciprocity*" and that their importance lies "*in their denial of the rule of capitalists, money lenders and governments.*" [**The General Idea of the Revolution**, pp. 98-99]

Unlike anarchists, the "anarcho"-capitalist account of freedom allows an individual's freedom to be rented out to another while maintaining that the person is still free. It may seem strange that an ideology proclaiming its support for liberty sees nothing wrong with the alienation and denial of liberty but, in actual fact, it is unsurprising. After all, contract theory is a "*theoretical strategy that justifies subjection by presenting it as freedom*" and nothing more. Little wonder, then, that contract "*creates a relation of subordination*" and not of freedom [Carole Pateman, **Op. Cit.**, p. 39, p. 59]

Any attempt to build an ethical framework starting from the abstract individual (as Rothbard does with his "*legitimate rights*" method) will result in domination and oppression between people, **not** freedom. Indeed, Rothbard provides an example of the dangers of idealist

philosophy that Bakunin warned about when he argued that while "*[m]aterialism denies free will and ends in the establishment of liberty; idealism, in the name of human dignity, proclaims free will, and on the ruins of every liberty founds authority.*" [**God and the State**, p. 48] This is the case with "anarcho"-capitalism can be seen from Rothbard's wholehearted support for wage labour and the rules imposed by property owners on those who use, but do not own, their property. Rothbard, basing himself on abstract individualism, cannot help but justify authority over liberty.

Overall, we can see that the logic of the right-libertarian definition of "freedom" ends up negating itself, because it results in the creation and encouragement of **authority**, which is an **opposite** of freedom. For example, as Ayn Rand points out, "*man has to sustain his life by his own effort, the man who has no right to the product of his effort has no means to sustain his life. The man who produces while others dispose of his product, is a slave.*" [**The Ayn Rand Lexicon: Objectivism from A to Z**, pp. 388-9] But, as was shown in [section C](#), capitalism is based on, as Proudhon put it, workers working "*for an entrepreneur who pays them and keeps their products,*" and so is a form of **theft**. Thus, by "libertarian" capitalism's **own** logic, capitalism is based not on freedom, but on (wage) slavery; for interest, profit and rent are derived from a worker's **unpaid** labour, i.e. "*others dispose of his [sic] product.*"

And if a society **is** run on the wage- and profit-based system suggested by the "anarcho" and "libertarian" capitalists, freedom becomes a commodity. The more money you have, the more freedom you get. Then, since money is only available to those who earn it,

Libertarianism is based on that classic saying "*work makes one free!*" (*Arbeit macht frei!*), which the Nazis placed on the gates of their concentration camps. Of course, since it is capitalism, this motto is somewhat different for those at the top. In this case it is "*other people's work makes one free!*" -- a truism in any society based on private property and the authority that stems from it.

Thus it is debatable that a libertarian or "anarcho" capitalist society would have less unfreedom or coercion in it than "actually existing capitalism." In contrast to anarchism, "anarcho"-capitalism, with its narrow definitions, restricts freedom to only a few aspects of social life and ignores domination and authority beyond those aspects. As Peter Marshall points out, the right-libertarian's "*definition of freedom is entirely negative. It calls for the absence of coercion but cannot guarantee the positive freedom of individual autonomy and independence.*" [**Demanding the Impossible**, p. 564] By confining freedom to such a narrow range of human action, "anarcho"-capitalism is clearly **not** a form of anarchism. Real anarchists support freedom in every aspect of an individual's life.

F.2.1 WHAT ARE THE IMPLICATIONS OF DEFINING LIBERTY IN TERMS OF (PROPERTY) RIGHTS?

The change from defending liberty to defending (property) rights has important implications. For one thing, it allows right libertarians to imply that private property is similar to a "fact of nature," and so to conclude that the restrictions on freedom produced by it

can be ignored. This can be seen in Robert Nozick's argument that decisions are voluntary if the limitations on one's actions are not caused by human action which infringe the rights of others. Thus, in a "pure" capitalist society the restrictions on freedom caused by wage slavery are not really restrictions because the worker voluntarily consents to the contract. The circumstances that drive a worker to make the contract are irrelevant because they are created by people exercising their rights and not violating other peoples' ones (see the section on "Voluntary Exchange" in **Anarchy, State, and Utopia**, pp. 262-265).

This means that within a society "[w]hether a person's actions are voluntary depends on what limits his alternatives. If facts of nature do so, the actions are voluntary. (I may voluntarily walk to someplace I would prefer to fly to unaided)." [**Anarchy, State, and Utopia**, p. 262] Similarly, the results of voluntary actions and the transference of property can be considered alongside the "facts of nature" (they are, after all, the resultants of "natural rights"). This means that the circumstances created by the existence and use of property can be considered, in essence, as a "natural" fact and so the actions we take in response to these circumstances are therefore "voluntary" and we are "free" (Nozick presents the example [p. 263] of someone who marries the only available person -- all the more attractive people having already chosen others -- as a case of an action that is voluntary despite removal of all but the least attractive alternative through the legitimate actions of others. Needless to say, the example can be -- and is -- extended to workers on the labour market -- although, of course, you do not starve to death if you decide not to marry).

However, such an argument fails to notice that property is different from gravity or biology. Of course not being able to fly does not restrict freedom. Neither does not being able to jump 10 feet into the air. But unlike gravity (for example), private property has to be protected by laws and the police. No one stops you from flying, but laws and police forces must exist to ensure that capitalist property (and the owners' authority over it) is respected. The claim, therefore, that private property in general, and capitalism in particular, can be considered as "facts of nature," like gravity, ignores an important fact: namely that the people involved in an economy must accept the rules of its operation -- rules that, for example, allow contracts to be enforced; forbid using another's property without his or her consent ("theft," trespass, copyright infringement, etc.); prohibit "conspiracy," unlawful assembly, rioting, and so on; and create monopolies through regulation, licensing, charters, patents, etc. This means that capitalism has to include the mechanisms for deterring property crimes as well as mechanisms for compensation and punishment should such crimes be committed. In other words, capitalism is in fact far more than "voluntary bilateral exchange," because it **must** include the policing, arbitration, and legislating mechanisms required to ensure its operation. Hence, like the state, the capitalist market is a social institution, and the distributions of goods that result from its operation are therefore the distributions sanctioned by a capitalist society. As Benjamin Franklin pointed out, *"Private property . . . is a Creature of Society, and is subject to the Calls of that Society."*

Thus, to claim with Sir Isaiah Berlin (the main, modern, source of the concepts of *"negative"* and *"positive"* freedom -- although we must add that Berlin was not a

right-Libertarian), that "*[i]f my poverty were a kind of disease, which prevented me from buying bread . . . as lameness prevents me from running, this inability would not naturally be described as a lack of freedom*" totally misses the point ["*Two Concepts of Liberty*", in **Four Essays on Liberty**, p. 123]. If you are lame, police officers do not come round to stop you running. They do not have to. However, they **are** required to protect property against the dispossessed and those who reject capitalist property rights.

This means that by using such concepts as "negative" liberty and ignoring the social nature of private property, right-libertarians are trying to turn the discussion away from liberty toward "biology" and other facts of nature. And conveniently, by placing property rights alongside gravity and other natural laws, they also succeed in reducing debate even about rights.

Of course, coercion and restriction of liberty **can** be resisted, unlike "natural forces" like gravity. So if, as Berlin argues, "*negative*" freedom means that you "*lack political freedom only if you are prevented from attaining a goal by human beings*," then capitalism is indeed based on such a lack, since property rights need to be enforced by human beings ("*I am prevented by others from doing what I could otherwise do*"). After all, as Proudhon long ago noted, the market is manmade, hence any constraint it imposes is the coercion of man by man and so economic laws are not as inevitable as natural ones [see Alan Ritter's **The Political Thought of Pierre-Joseph Proudhon**, p. 122]. Or, to put it slightly differently, capitalism requires coercion in order to work, and hence, is **not** similar to a "fact of nature," regardless of Nozick's claims (i.e. property rights have to be defined

and enforced by human beings, although the nature of the labour market resulting from capitalist property definitions is such that direct coercion is usually not needed). This implication is actually recognised by right-libertarians, because they argue that the rights-framework of society should be set up in one way rather than another. In other words, they recognise that society is not independent of human interaction, and so can be changed.

Perhaps, as seems the case, the "anarcho"-capitalist or right-Libertarian will claim that it is only **deliberate** acts which violate your (libertarian defined) rights by other humans beings that cause unfreedom (*"we define freedom . . . as the **absence of invasion** by another man of an man's person or property"* [Rothbard, **The Ethics of Liberty**, p. 41]) and so if no-one deliberately coerces you then you are free. In this way the workings of the capitalist market can be placed alongside the "facts of nature" and ignored as a source of unfreedom. However, a moments thought shows that this is not the case. Both deliberate and non-deliberate acts can leave individuals lacking freedom.

Let us assume (in an example paraphrased from Alan Haworth's excellent book **Anti-Libertarianism**, p. 49) that someone kidnaps you and places you down a deep (naturally formed) pit, miles from anyway, which is impossible to climb up. No one would deny that you are unfree. Let us further assume that another person walks by and accidentally falls into the pit with you.

According to right-libertarianism, while you are unfree (i.e. subject to deliberate coercion) your fellow pit-dweller is perfectly free for they have subject to the

"facts of nature" and not human action (deliberate or otherwise). Or, perhaps, they "voluntarily choose" to stay in the pit, after all, it is "only" the "facts of nature" limiting their actions. But, obviously, both of you are in **exactly the same position**, have **exactly the same choices** and so are **equally** unfree! Thus a definition of "liberty" that maintains that only deliberate acts of others -- for example, coercion -- reduces freedom misses the point totally.

Why is this example important? Let us consider Murray Rothbard's analysis of the situation after the abolition of serfdom in Russia and slavery in America. He writes:

*"The **bodies** of the oppressed were freed, but the property which they had worked and eminently deserved to own, remained in the hands of their former oppressors. With economic power thus remaining in their hands, the former lords soon found themselves virtual masters once more of what were now free tenants or farm labourers. The serfs and slaves had tasted freedom, but had been cruelly deprived of its fruits."* [**The Ethics of Liberty**, p. 74]

However, contrast this with Rothbard's claims that if market forces ("voluntary exchanges") result in the creation of free tenants or labourers then these labourers and tenants are free (see, for example, **The Ethics of Liberty**, pp. 221-2 on why "economic power" within capitalism does not exist). But the labourers dispossessed by market forces are in **exactly** the same situation as the former serfs and slaves. Rothbard sees the obvious "*economic power*" in the later case, but denies it in the former. But the **conditions** of the people in question are identical and it is these conditions that horrify us. It is

only his ideology that stops Rothbard drawing the obvious conclusion -- identical conditions produce identical social relationships and so if the formally "free" ex-serfs are subject to *"economic power"* and *"masters"* then so are the formally "free" labourers within capitalism! Both sets of workers may be formally free, but their circumstances are such that they are "free" to "consent" to sell their freedom to others (i.e. economic power produces relationships of domination and unfreedom between formally free individuals).

Thus Rothbard's definition of liberty in terms of rights fails to provide us with a realistic and viable understanding of freedom. Someone can be a virtual slave while still having her rights non-violated (conversely, someone can have their property rights violated and still be free; for example, the child who enters your backyard without your permission to get her ball hardly violates your liberty -- indeed, you would never know that she has entered your property unless you happened to see her do it). So the idea that freedom means non-aggression against person and their legitimate material property justifies extensive **non-freedom** for the working class. The non-violation of property rights does **not** imply freedom, as Rothbard's discussion of the former slaves shows. Anyone who, along with Rothbard, defines freedom *"as the **absence of invasion** by another man of any man's person or property"* in a deeply inequality society is supporting, and justifying, capitalist and landlord domination. As anarchists have long realised, in an unequal society, a contractarian starting point implies an absolutist conclusion.

Why is this? Simply because freedom is a result of **social** interaction, not the product of some isolated, abstract

individual (Rothbard uses the model of Robinson Crusoe to construct his ideology). But as Bakunin argued, *"the freedom of the individual is a function of men in society, a necessary consequence of the collective development of mankind."* He goes on to argue that *"man in isolation can have no awareness of his liberty . . . Liberty is therefore a feature not of isolation but of interaction, not of exclusion but rather of connection."* [**Selected Writings**, p. 146, p. 147] Right Libertarians, by building their definition of freedom from the isolated person, end up by supporting restrictions of liberty due to a neglect of an adequate recognition of the actual interdependence of human beings, of the fact what each person does is effected by and affects others. People become aware of their humanity (liberty) in society, not outside it. It is the **social relationships** we take part in which determine how free we are and any definition of freedom which builds upon an individual without social ties is doomed to create relations of domination, not freedom, between individuals -- as Rothbard's theory does (to put it another way, voluntary association is a necessary, but not sufficient, condition for freedom. Which is why anarchists have always stressed the importance of equality -- see section [F.3](#) for details).

So while facts of nature can restrict your options and freedom, it is the circumstances within which they act and the options they limit that are important (a person trapped at the bottom of a pit is unfree as the options available are so few; the lame person is free because their available options are extensive). In the same manner, the facts of society can and do restrict your freedom because they are the products of human action and are defined and protected by human institutions, it is the circumstances within which individuals make their

decisions and the social relationships these decisions produce that are important (the worker driven by poverty to accept a slave contract in a sweat shop is unfree because the circumstances he faces have limited his options and the relations he accepts are based upon hierarchy; the person who decides to join an anarchist commune is free because the commune is non-hierarchical and she has the option of joining another commune, working alone and so forth).

All in all, the right-Libertarian concept of freedom is lacking. For an ideology that takes the name "Libertarianism" it seems happy to ignore actual liberty and instead concentrate on an abstract form of liberty which ignores so many sources of unfreedom as to narrow the concept until it becomes little more than a justification for authoritarianism. This can be seen from right-Libertarian attitudes about private property and its effects on liberty (as discussed in the [next section](#)).

F.2.2 HOW DOES PRIVATE PROPERTY AFFECT FREEDOM?

The right-libertarian does not address or even acknowledge that the (absolute) right of private property may lead to extensive control by property owners over those who use, but do not own, property (such as workers and tenants). Thus a free-market capitalist system leads to a very selective and class-based protection of "rights" and "freedoms." For example, under capitalism, the "freedom" of employers inevitably conflicts with the "freedom" of employees. When stockholders or their managers exercise their "freedom of enterprise" to decide how their company will operate,

they violate their employee's right to decide how their labouring capacities will be utilised. In other words, under capitalism, the "property rights" of employers will conflict with and restrict the "human right" of employees to manage themselves. Capitalism allows the right of self-management only to the few, not to all. Or, alternatively, capitalism does not recognise certain human rights as **universal** which anarchism does.

This can be seen from Austrian Economist W. Duncan Reekie's defence of wage labour. While referring to "*intra-firm labour markets*" as "*hierarchies*", Reekie (in his best *ex cathedra* tone) states that "*[t]here is nothing authoritarian, dictatorial or exploitative in the relationship. Employees order employers to pay them amounts specified in the hiring contract just as much as employers order employees to abide by the terms of the contract.*" [**Markets, Entrepreneurs and Liberty**, p. 136, p. 137]. Given that "*the terms of contract*" involve the worker agreeing to obey the employers orders and that they will be fired if they do not, its pretty clear that the ordering that goes on in the "*intra-firm labour market*" is decidedly **one way**. Bosses have the power, workers are paid to obey. And this begs the question, **if** the employment contract creates a free worker, why must she abandon her liberty during work hours?

Reekie actually recognises this lack of freedom in a "round about" way when he notes that "*employees in a firm at any level in the hierarchy can exercise an entrepreneurial role. The area within which that role can be carried out increases the more authority the employee has.*" [**Op. Cit.**, p. 142] Which means workers **are** subject to control from above which restricts the activities they are allowed to do and so they are **not** free

to act, make decisions, participate in the plans of the organisation, to create the future and so forth within working hours. And it is strange that while recognising the firm as a hierarchy, Reekie tries to deny that it is authoritarian or dictatorial -- as if you could have a hierarchy without authoritarian structures or an unelected person in authority who is not a dictator. Thus we have "free" workers within a relationship distinctly **lacking** freedom (in the sense of self-government) -- a strange paradox. Indeed, if your personal life were as closely monitored and regulated as the work life of millions of people across the world, you would rightly consider it oppression.

Perhaps he (like most right-libertarians) will maintain that workers voluntarily agree ("consent") to be subject to the bosses dictatorship (he writes that *"each will only enter into the contractual agreement known as a firm if each believes he will be better off thereby. The firm is simply another example of mutually beneficial exchange"* [Op. Cit., p. 137]). However, this does not stop the relationship being authoritarian or dictatorial (and so exploitative as it is **highly** unlikely that those at the top will not abuse their power). And as we argue further in the [next section](#) (and also see sections [B.4](#), [F.3.1](#) and [F.10.2](#)), in a capitalist society workers have the option of finding a job or facing abject poverty and/or starvation.

Little wonder, then, that people "voluntarily" sell their labour and "consent" to authoritarian structures! They have little option to do otherwise. So, **within** the labour market, workers **can** and **do** seek out the best working conditions possible, but that does not mean that the final contract agreed is "freely" accepted and not due to the force of circumstances, that both parties have equal

bargaining power when drawing up the contract or that the freedom of both parties is ensured. Which means to argue (as many right-libertarians do) that freedom cannot be restricted by wage labour because people enter into relationships they consider will lead to improvements over their initial situation totally misses the points. As the initial situation is not considered relevant, their argument fails. After all, agreeing to work in a sweatshop 14 hours a day **is** an improvement over starving to death -- but it does not mean that those who so agree are free when working there or actually **want** to be there. They are not and it is the circumstances, created and enforced by the law, that have ensured that they "consent" to such a regime (given the chance, they would desire to **change** that regime but cannot as this would violate their bosses property rights and they would be repressed for trying).

So the right-wing "libertarian" right is interested only in a narrow concept of freedom (rather than in "freedom" or "liberty" as such). This can be seen in the argument of Ayn Rand (a leading ideologue of "libertarian" capitalism) that *"Freedom, in a political context, means freedom from government coercion. It does **not** mean freedom from the landlord, or freedom from the employer, or freedom from the laws of nature which do not provide men with automatic prosperity. It means freedom from the coercive power of the state -- and nothing else!"* [Capitalism: The Unknown Ideal, p. 192] By arguing in this way, right libertarians ignore the vast number of authoritarian social relationships that exist in capitalist society and, as Rand does here, imply that these social relationships are like "the laws of nature." However, if one looks at the world without prejudice but with an eye to maximising freedom, the

major coercive institution is seen to be not the state but capitalist social relationships (as indicated in section [B.4](#)).

The right "libertarian," then, far from being a defender of freedom, is in fact a keen defender of certain forms of authority and domination. As Peter Kropotkin noted, the *"modern Individualism initiated by Herbert Spencer is, like the critical theory of Proudhon, a powerful indictment against the dangers and wrongs of government, but its practical solution of the social problem is miserable -- so miserable as to lead us to inquire if the talk of 'No force' be merely an excuse for supporting landlord and capitalist domination."* [**Act For Yourselves**, p. 98]

To defend the "freedom" of property owners is to defend authority and privilege -- in other words, statism. So, in considering the concept of liberty as "freedom from," it is clear that by defending private property (as opposed to possession) the "anarcho"-capitalist is defending the power and authority of property owners to govern those who use "their" property. And also, we must note, defending all the petty tyrannies that make the work lives of so many people frustrating, stressful and unrewarding.

However, anarchism, by definition, is in favour of organisations and social relationships which are non-hierarchical and non-authoritarian. Otherwise, some people are more free than others. Failing to attack hierarchy leads to massive contradiction. For example, since the British Army is a volunteer one, it is an "anarchist" organisation. NOT! (see [next section](#) for a discussion on why the "anarcho"-capitalism concept of freedom also allows the state to appear "libertarian").

In other words, "full capitalist property rights" do not protect freedom, in fact they actively deny it. But this lack of freedom is only inevitable if we accept capitalist private property rights. If we reject them, we can try and create a world based on freedom in all aspects of life, rather than just in a few.

F.2.3 CAN "ANARCHO"-CAPITALIST THEORY JUSTIFY THE STATE?

Ironically enough, "anarcho"-capitalist ideology actually allows the state to be justified along with capitalist hierarchy. This is because the reason why capitalist authority is acceptable to the "anarcho"-capitalist is because it is "voluntary" -- no one forces the worker to join or remain within a specific company (force of circumstances are irrelevant in this viewpoint). Thus capitalist domination is not really domination at all. But the same can be said of all democratic states as well. Few such states bar exit for its citizens -- they are free to leave at any time and join any other state that will have them (exactly as employees can with companies). Of course there **are** differences between the two kinds of authority -- anarchists do not deny that -- but the similarities are all too clear.

The "anarcho"-capitalist could argue that changing jobs is easier than changing states and, sometimes, this is correct -- but not always. Yes, changing states does require the moving of home and possessions over great distances but so can changing job (indeed, if a worker has to move half-way across a country or even the world to get a job "anarcho"-capitalists would celebrate this as

an example of the benefits of a "flexible" labour market). Yes, states often conscript citizens and send them into dangerous situations but bosses often force their employees to accept dangerous working environments on pain of firing. Yes, many states do restrict freedom of association and speech, but so do bosses. Yes, states tax their citizens but landlords and companies only let others use their property if they get money in return (i.e. rent or profits). Indeed, if the employee or tenant does not provide the employer or landlord with enough profits, they will quickly be shown the door. Of course employees can start their own companies but citizens can start their own state if they convince an existing state (the owner of a set of resources) to sell/give land to them. Setting up a company also requires existing owners to sell/give resources to those who need them. Of course, in a democratic state citizens can influence the nature of laws and orders they obey. In a capitalist company, this is not the case.

This means that, logically, "anarcho"-capitalism must consider a series of freely exitable states as "anarchist" and not a source of domination. If consent (not leaving) is what is required to make capitalist domination not domination then the same can be said of statist domination. Stephen L. Newman makes the same point:

"When the price of exercising one's freedom is terribly high, what practical difference is there between the commands of the state and those issued by one's employer? . . . Though admittedly the circumstances are not identical, telling disgruntled empowers that they are always free to leave their jobs seems no different in principle from telling political dissidents that they are free to emigrate." [**Liberalism at Wit's End**, pp. 45-46]

Murray Rothbard, in his own way, agrees:

*"If the State may be said too properly **own** its territory, then it is proper for it to make rules for everyone who presumes to live in that area. It can legitimately seize or control private property because there **is** no private property in its area, because it really owns the entire land surface. **So long** as the State permits its subjects to leave its territory, then, it can be said to act as does any other owner who sets down rules for people living on his property."* [**The Ethics of Liberty**, p. 170]

Rothbard's argues that this is **not** the case simply because the state did not acquire its property in a "just" manner and that it claims rights over virgin land (both of which violates Rothbard's "homesteading" theory of property -- see section [F.4.1](#) for details and a critique). Rothbard argues that this defence of statism (the state as property owner) is unrealistic and ahistoric, but his account of the origins of property is equally unrealistic and ahistoric and that does not stop him supporting capitalism. People in glass houses should not throw stones!

Thus he claims that the state is evil and its claims to authority/power false simply because it acquired the resources it claims to own "unjustly" -- for example, by violence and coercion (see **The Ethics of Liberty**, pp. 170-1, for Rothbard's attempt to explain why the state should not be considered as the owner of land). And even **if** the state **was** the owner of its territory, it cannot appropriate virgin land (although, as he notes elsewhere, the "vast" US frontier no longer exists "*and there is no point crying over the fact*" [**Op. Cit.**, p. 240]).

So what makes hierarchy legitimate for Rothbard is whether the property it derives from was acquired justly or unjustly. Which leads us to a few **very** important points.

Firstly, Rothbard is explicitly acknowledging the similarities between statism and capitalism. He is arguing that **if** the state had developed in a "*just*" way, then it is perfectly justifiable in governing ("*set[ting] down rules*") those who "consent" to live on its territory in **exactly** the same way a property owner does. In other words, private property can be considered as a "justly" created state! These similarities between property and statism have long been recognised by anarchists and that is why we reject private property along with the state (Proudhon did, after all, note that "*property is despotism*" and well as "*theft*"). But, according to Rothbard, something can look like a state (i.e. be a monopoly of decision making over an area) and act like a state (i.e. set down rules for people, govern them, impose a monopoly of force) but not be a state. But if it looks like a duck and sounds like a duck, it is a duck. Claiming that the origins of the thing are what counts is irrelevant -- for example, a cloned duck is just as much a duck as a naturally born one. A statist organisation is authoritarian whether it comes from "*just*" or "*unjust*" origins. Does transforming the ownership of the land from states to capitalists **really** make the relations of domination created by the dispossession of the many less authoritarian and unfree? Of course not.

Secondly, much property in "actually existing" capitalism is the product (directly or indirectly) of state laws and violence ("*the emergence of both agrarian and industrial capitalism in Britain [and elsewhere, we must*

*add] . . . could not have got off the ground without resources to state violence -- legal or otherwise" [Brian Morris, **Ecology & Anarchism**, p. 190]). If state claims of ownership are invalid due to their history, then so are many others (particularly those which claim to own land). As the initial creation was illegitimate, so are the transactions which have sprung from it. Thus if state claims of property rights are invalid, so are most (if not all) capitalist claims. If the laws of the state are illegitimate, so are the rules of the capitalist. If taxation is illegitimate, then so are rent, interest and profit. Rothbard's "historical" argument against the state can also be applied to private property and if the one is unjustified, then so is the other.*

Thirdly, if the state had evolved "justly" then Rothbard would actually have nothing against it! A strange position for an anarchist to take. Logically this means that if a system of corporate states evolved from the workings of the capitalist market then the "anarcho"-capitalist would have nothing against it. This can be seen from "anarcho"-capitalist support for company towns even though they have correctly been described as "*industrial feudalism*" (see section [F.6](#) for more on this).

Fourthly, Rothbard's argument implies that similar circumstances producing similar relationships of domination and unfreedom are somehow different if they are created by "*just*" and "*unjust*" means. Rothbard claims that because the property is "*justly*" acquired it means the authority a capitalist over his employees is totally different from that of a state over its subject. But such a claim is false -- both the subject/citizen and the employee are in a similar relationship of domination and authoritarianism. As we argued in section [F.2.2](#), how a

person got into a situation is irrelevant when considering how free they are. Thus, the person who "consents" to be governed by another because all available resources are privately owned is in exactly the same situation as a person who has to join a state because all available resources are owned by one state or another. Both are unfree and are part of authoritarian relationships based upon domination.

And, lastly, while "anarcho"-capitalism may be a "just" society, it is definitely **not** a free one. It will be marked by extensive hierarchy, unfreedom and government, but these restrictions of freedom will be of a private nature. As Rothbard indicates, the property owner and the state create/share the same authoritarian relationships. If statism is unfree, then so is capitalism. And, we must add, how "just" is a system which undermines liberty. Can "justice" ever be met in a society in which one class has more power and freedom than another. If one party is in an inferior position, then they have little choice but to agree to the disadvantageous terms offered by the superior party (see section [F.3.1](#)). In such a situation, a "just" outcome will be unlikely as any contract agreed will be skewed to favour one side over the other.

The implications of these points are important. We can easily imagine a situation within "anarcho"-capitalism where a few companies/people start to buy up land and form company regions and towns. After all, this **has** happened continually throughout capitalism. Thus a "natural" process may develop where a few owners start to accumulate larger and larger tracks of land "justly". Such a process does not need to result in **one** company owning the world. It is likely that a few hundred, perhaps a few thousand, could do so. But this is not a cause for

rejoicing -- after all the current "market" in "unjust" states also has a few hundred competitors in it. And even if there is a large multitude of property owners, the situation for the working class is exactly the same as the citizen under current statism! Does the fact that it is "justly" acquired property that faces the worker really change the fact she must submit to the government and rules of another to gain access to the means of life?

When faced with anarchist criticisms that **circumstances** force workers to accept wage slavery the "anarcho"-capitalist claims that these are to be considered as objective facts of nature and so wage labour is not domination. However, the same can be said of states -- we are born into a world where states claim to own all the available land. If states are replaced by individuals or groups of individuals does this change the essential nature of our dispossession? Of course not.

Rothbard argues that *"[o]bviously, in a free society, Smith has the ultimate decision-making power over his own just property, Jones over his, etc."* [Op. Cit., p. 173] and, equally obviously, this ultimate-decision making power extends to those who **use**, but do not own, such property. But how "free" is a free society where the majority have to sell their liberty to another in order to live? Rothbard (correctly) argues that the State *"uses its monopoly of force . . . to control, regulate, and coerce its hapless subjects. Often it pushes its way into controlling the morality and the very lives of its subjects."* [Op. Cit., p. 171] However he fails to note that employers do exactly the same thing to their employees. This, from an anarchist perspective, is unsurprising, for (after all) the employer **is** *"the ultimate decision-making power over his just property"* just as the state is over its "unjust"

property. That similar forms of control and regulation develop is not a surprise given the similar hierarchical relations in both structures.

That there is a choice in available states does not make statism any less unjust and unfree. Similarly, just because we have a choice between employers does not make wage labour any less unjust or unfree. But trying to dismiss one form of domination as flowing from "just" property while attacking the other because it flows from "unjust" property is not seeing the wood for the trees. If one reduces liberty, so does the other. Whether the situation we are in resulted from "just" or "unjust" steps is irrelevant to the restrictions of freedom we face because of them (and as we argue in section [F.2.5](#), "unjust" situations can easily flow from "just" steps).

The "anarcho"-capitalist insistence that the voluntary nature of an association determines whether it is anarchistic is deeply flawed -- so flawed in fact that states and state-like structures (such as capitalist firms) can be considered anarchistic! In contrast, anarchists think that the hierarchical nature of the associations we join is equally as important as its voluntary nature when determining whether it is anarchistic or statist. However this option is not available to the "anarcho"-capitalist as it logically entails that capitalist companies are to be opposed along with the state as sources of domination, oppression and exploitation.

F.2.4 BUT SURELY TRANSACTIONS ON THE MARKET ARE VOLUNTARY?

Of course, it is usually maintained by "anarcho"-capitalists that no-one puts a gun to a worker's head to join a specific company. Yes, indeed, this is true -- workers can apply for any job they like. But the point is that the vast majority cannot avoid having to sell their liberty to others (self-employment and co-operatives **are** an option, but they account for less than 10% of the working population and are unlikely to spread due to the nature of capitalist market forces -- see sections [J.5.11](#) and [J.5.12](#) for details). And as Bob Black pointed out, right libertarians argue that *"one can at least change jobs." but you can't avoid having a job -- just as under statism one can at least change nationalities but you can't avoid subjection to one nation-state or another. But freedom means more than the right to change masters.*"

[The Libertarian as Conservative]

So why do workers agree to join a company? Because circumstances force them to do so - circumstances created, we must note, by **human** actions and institutions and not some abstract "fact of nature." And if the world that humans create by their activity is detrimental to what we should value most (individual liberty and individuality) then we should consider how to **change that world for the better**. Thus "circumstances" (current "objective reality") is a valid source of unfreedom and for human investigation and creative activity -- regardless of the claims of right-Libertarians.

Let us look at the circumstances created by capitalism. Capitalism is marked by a class of dispossessed labourers who have nothing to sell by their labour. They

are legally barred from access to the means of life and so have little option but to take part in the labour market. As Alexander Berkman put it:

"The law says your employer does not sell anything from you, because it is done with your consent. You have agreed to work for your boss for certain pay, he to have all that you produce . . .

"But did you really consent?

*"When the highway man holds his gun to your head, you turn your valuables over to him. You 'consent' all right, but you do so because you cannot help yourself, because you are **compelled** by his gun.*

*"Are you not **compelled** to work for an employer? Your need compels you just as the highwayman's gun. You must live. . . You can't work for yourself. . . The factories, machinery, and tools belong to the employing class, so you **must** hire yourself out to that class in order to work and live. Whatever you work at, whoever your employer may be, it is always comes to the same: you must work **for him**. You can't help yourself. You are **compelled**."*
[What is Communist Anarchism?, p. 9]

Due to this class monopoly over the means of life, workers (usually) are at a disadvantage in terms of bargaining power -- there are more workers than jobs (see section [B.4.3](#) and [F.10.2](#) for a discussion why this is the normal situation on the labour market).

As was indicated in section B.4 ([How does capitalism affect liberty?](#)), within capitalism there is no equality between owners and the dispossessed, and so property is

a source of **power**. To claim that this power should be "left alone" or is "fair" is *"to the anarchists. . . preposterous. Once a State has been established, and most of the country's capital privatised, the threat of physical force is no longer necessary to coerce workers into accepting jobs, even with low pay and poor conditions. To use Ayn Rand's term, 'initial force' has **already taken place**, by those who now have capital against those who do not. . . . In other words, if a thief died and willed his 'ill-gotten gain' to his children, would the children have a right to the stolen property? Not legally. So if 'property is theft,' to borrow Proudhon's quip, and the fruit of exploited labour is simply legal theft, then the only factor giving the children of a deceased capitalist a right to inherit the 'booty' is the law, the State. As Bakunin wrote, 'Ghosts should not rule and oppress this world, which belongs only to the living'" [Jeff Draughn, **Between Anarchism and Libertarianism**].*

Or, in other words, right-Libertarianism fails to *"meet the charge that normal operations of the market systematically places an entire class of persons (wage earners) in circumstances that compel them to accept the terms and conditions of labour dictated by those who offer work. While it is true that individuals are formally free to seek better jobs or withhold their labour in the hope of receiving higher wages, in the end their position in the market works against them; they cannot live if they do not find employment. When circumstances regularly bestow a relative disadvantage on one class of persons in their dealings with another class, members of the advantaged class have little need of coercive measures to get what they want."* [Stephen L. Newman, **Liberalism at Wit's End**, p. 130]

To ignore the circumstances which drive people to seek out the most "beneficial exchange" is to blind yourself to the power relationships inherent within capitalism -- power relationships created by the unequal bargaining power of the parties involved (also see section [F.3.1](#)). And to argue that "consent" ensures freedom is false; if you are "consenting" to be join a dictatorial organisation, you "consent" **not** to be free (and to paraphrase Rousseau, a person who renounces freedom renounces being human).

Which is why circumstances are important -- if someone truly wants to join an authoritarian organisation, then so be it. It is their life. But if circumstances ensure their "consent" then they are not free. The danger is, of course, that people become **accustomed** to authoritarian relationships and end up viewing them as forms of freedom. This can be seen from the state, which the vast majority support and "consent" to. And this also applies to wage labour, which many workers today accept as a "necessary evil" (like the state) but, as we indicate in section [F.8.6](#), the first wave of workers viewed with horror as a form of (wage) slavery and did all that they could to avoid. In such situations all we can do is argue with them and convince them that certain forms of organisations (such as the state and capitalist firms) are an evil and urge them to change society to ensure their extinction.

So due to this lack of appreciation of circumstances (and the fact that people become accustomed to certain ways of life) "anarcho"-capitalism actively supports structures that restrict freedom for the many. And how is "anarcho"-capitalism **anarchist** if it generates extensive amounts of archy? It is for this reason that all anarchists

support self-management within free association -- that way we maximise freedom both inside **and** outside organisations. But only stressing freedom outside organisations, "anarcho"-capitalism ends up denying freedom as such (after all, we spend most of our waking hours at work). If "anarcho"-capitalists **really** desired freedom, they would reject capitalism and become anarchists -- only in a libertarian socialist society would agreements to become a wage worker be truly voluntary as they would not be driven by circumstances to sell their liberty.

This means that while right-Libertarianism appears to make "choice" an ideal (which sounds good, liberating and positive) in practice it has become a "dismal politics," a politics of choice where most of the choices are bad. And, to state the obvious, the choices we are "free" to make are shaped by the differences in wealth and power in society (see section [F.3.1](#)) as well as such things as "isolation paradoxes" (see section [B.6](#)) and the laws and other human institutions that exist. If we ignore the context within which people make their choices then we glorify abstract processes at the expense of real people. And, as importantly, we must add that many of the choices we make under capitalism (shaped as they are by the circumstances within which they are made), such as employment contracts, result in our "choice" being narrowed to "love it or leave it" in the organisations we create/join as a result of these "free" choices.

This ideological blind spot flows from the "anarcho"-capitalist definition of "freedom" as "absence of coercion" -- as workers "freely consent" to joining a specific workplace, their freedom is unrestricted. But to

defend **only** "freedom from" in a capitalist society means to defend the power and authority of the few against the attempts of the many to claim their freedom and rights. To requote Emma Goldman, *"'Rugged individualism' has meant all the 'individualism' for the masters . . . , in whose name political tyranny and social oppression are defended and held up as virtues' while every aspiration and attempt of man to gain freedom . . . is denounced as . . . evil in the name of that same individualism."* [Red Emma Speaks, p. 112]

In other words, its all fine and well saying (as right-libertarians do) that you aim to abolish force from human relationships but if you support an economic system which creates hierarchy (and so domination and oppression) by its very workings, "defensive" force will always be required to maintain and enforce that domination. Moreover, if one class has extensive power over another due to the systematic (and normal) workings of the market, any force used to defend that power is **automatically** "defensive". Thus to argue against the use of force and ignore the power relationships that exist within and shape a society (and so also shape the individuals within it) is to defend and justify capitalist and landlord domination and denounce any attempts to resist that domination as "initiation of force."

Anarchists, in contrast, oppose **hierarchy** (and so domination within relationships -- bar S&M personal relationships, which are a totally different thing altogether; they are truly voluntary and they also do not attempt to hide the power relationships involved by using economic jargon). This opposition, while also including opposition to the use of force against equals

(for example, anarchists are opposed to forcing workers and peasants to join a self-managed commune or syndicate), also includes support for the attempts of those subject to domination to end it (for example, workers striking for union recognition are not "initiating force", they are fighting for their freedom).

In other words, apparently "voluntary" agreements can and do limit freedom and so the circumstances that drive people into them **must** be considered when deciding whether any such limitation is valid. By ignoring circumstances, "anarcho"-capitalism ends up by failing to deliver what it promises -- a society of free individuals -- and instead presents us with a society of masters and servants. The question is, what do we feel moved to insist that people enjoy? Formal, abstract (bourgeois) self-ownership ("freedom") or a more substantive control over one's life (i.e. autonomy)?

F.2.5 BUT SURELY CIRCUMSTANCES ARE THE RESULT OF LIBERTY AND SO CANNOT BE OBJECTED TO?

It is often argued by right-libertarians that the circumstances we face within capitalism are the result of individual decisions (i.e. individual liberty) and so we must accept them as the expressions of these acts (the most famous example of this argument is in Nozick's **Anarchy, State, and Utopia** pp. 161-163 where he maintains that "*liberty upsets patterns*"). This is because whatever situation evolves from a just situation by just (i.e. non-coercive steps) is also (by definition) just.

However, it is not apparent that adding just steps to a just situation will result in a just society. We will illustrate with a couple of banal examples. If you add chemicals which are non-combustible together you can create a new, combustible, chemical (i.e. X becomes not-X by adding new X to it). Similarly, if you have an odd number and add another odd number to it, it becomes even (again, X becomes not-X by adding a new X to it). So it is very possible to go from an just state to an unjust state by just step (and it is possible to remain in an unjust state by just acts; for example if we tried to implement "anarcho"-capitalism on the existing -- unjustly created - - situation of "actually existing" capitalism it would be like having an odd number and adding even numbers to it). In other words, the outcome of "just" steps can increase inequality within society and so ensure that some acquire an unacceptable amount of power over others, via their control over resources. Such an inequality of power would create an "unjust" situation where the major are free to sell their liberty to others due to inequality in power and resources on the "free" market.

Ignoring this objection, we could argue (as many "anarcho"-capitalists and right-libertarians do) that the unforeseen results of human action are fine unless we assume that these human actions are in themselves bad (i.e. that individual choice is evil).

Such an argument is false for three reasons.

First, when we make our choices the aggregate impact of these choices are unknown to us -- and not on offer when we make our choices. Thus we cannot be said to "choose" these outcomes, outcomes which we may

consider deeply undesirable, and so the fact that these outcomes are the result of individual choices is besides the point (if we knew the outcome we could refrain from doing them). The choices themselves, therefore, do not validate the outcome as the outcome was not part of the choices when they were made (i.e. the means do not justify the ends). In other words, private acts often have important public consequences (and "bilateral exchanges" often involve externalities for third parties). Secondly, if the outcome of individual choices is to deny or restrict individual choice on a wider scale at a later stage, then we are hardly arguing that individual choice is a bad thing. We want to arrange it so that the decisions we make now do not result in them restricting our ability to make choices in important areas of life at a latter stage. Which means we are in favour of individual choices and so liberty, not against them. Thirdly, the unforeseen or unplanned results of individual actions are not necessarily a good thing. If the aggregate outcome of individual choices harms individuals then we have a right to modify the circumstances within which choices are made and/or the aggregate results of these choices.

An example will show what we mean (again drawn from Haworth's excellent **Anti-Libertarianism**, p. 35). Millions of people across the world bought deodorants which caused a hole to occur in the ozone layer surrounding the Earth. The resultant of these acts created a situation in which individuals and the eco-system they inhabited were in great danger. The actual acts themselves were by no means wrong, but the aggregate impact was. A similar argument can apply to any form of pollution. Now, unless the right-Libertarian argues that skin cancer or other forms of pollution related illness are

fine, its clear that the resultant of individual acts can be harmful to individuals.

The right-Libertarian could argue that pollution is an "initiation of force" against an individual's property-rights in their person and so individuals can sue the polluters. But hierarchy also harms the individual (see section [B.1](#)) -- and so can be considered as an infringement of their "property-rights" (i.e. liberty, to get away from the insane property fetish of right-Libertarianism). The loss of autonomy can be just as harmful to an individual as lung cancer although very different in form. And the differences in wealth resulting from hierarchy is well known to have serious impacts on life-span and health.

As noted in section [F.2.1](#), the market is just as man-made as pollution. This means that the "circumstances" we face are due to aggregate of millions of individual acts and these acts occur within a specific framework of rights, institutions and ethics. Anarchists think that a transformation of our society and its rights and ideals is required so that the resultant of individual choices does not have the ironic effect of limiting individual choice (freedom) in many important ways (such as in work, for example).

In other words, the **circumstances** created by capitalist rights and institutions requires a **transformation** of these rights and institutions in such a way as to maximise individual choice for all -- namely, to abolish these rights and replace them with new ones (for example, replace property rights with use rights). Thus Nozick's claims that *"Z does choose voluntarily if the other individuals A through Y each acted voluntarily and within their rights"*

[Op. Cit., p. 263] misses the point -- it is these rights that are in question (given that Nozick **assumes** these rights then his whole thesis is begging the question).

And we must add (before anyone points it out) that, yes, we are aware that many decisions will unavoidably limit current and future choices. For example, the decision to build a factory on a green-belt area will make it impossible for people to walk through the woods that are no longer there. But such "limitations" (if they can be called that) of choice are different from the limitations we are highlighting here, namely the loss of freedom that accompanies the circumstances created via exchange in the market. The human actions which build the factory modify reality but do not generate social relationships of domination between people in so doing. The human actions of market exchange, in contrast, modify the relative strengths of everyone in society and so has a distinct impact on the social relationships we "voluntarily" agree to create. Or, to put it another way, the decision to build on the green-belt site does "limit" choice in the abstract but it does **not** limit choice in the kind of relationships we form with other people nor create authoritarian relationships between people due to inequality influencing the content of the associations we form. However, the profits produced from using the factory increase inequality (and so market/economic power) and so weaken the position of the working class in respect to the capitalist class within society. This increased inequality will be reflected in the "free" contracts and working regimes that are created, with the weaker "trader" having to compromise far more than before.

So, to try and defend wage slavery and other forms of hierarchy by arguing that "circumstances" are created by individual liberty runs aground on its own logic. If the circumstances created by individual liberty results in pollution then the right-Libertarian will be the first to seek to change those circumstances. They recognise that the right to pollute while producing is secondary to our right to be healthy. Similarly, if the circumstances created by individual liberty results in hierarchy (pollution of the mind and our relationships with others as opposed to the body, although it affects that too) then we are entitled to change these circumstances too and the means by which we get there (namely the institutional and rights framework of society). Our right to liberty is more important than the rights of property -- sadly, the right-Libertarian refuses to recognise this.

F.2.6 DO LIBERTARIAN-CAPITALISTS SUPPORT SLAVERY?

Yes. It may come as a surprise to many people, but right-Libertarianism is one of the few political theories that justifies slavery. For example, Robert Nozick asks whether "*a free system would allow [the individual] to sell himself into slavery*" and he answers "*I believe that it would.*" [**Anarchy, State and Utopia**, p. 371] While some right-Libertarians do not agree with Nozick, there is no logical basis in their ideology for such disagreement.

The logic is simple, you cannot really own something unless you can sell it. Self-ownership is one of the cornerstones of laissez-faire capitalist ideology. Therefore, since you own yourself you can sell yourself.

(For Murray Rothbard's claims of the *"unenforceability, in libertarian theory, of voluntary slave contracts"* see **The Ethics of Liberty**, pp. 134-135 -- of course, **other** libertarian theorists claim the exact opposite so *"libertarian theory"* makes no such claims, but nevermind! Essentially, his point revolves around the assertion that a person *"cannot, in nature, sell himself into slavery and have this sale enforced - for this would mean that his future will over his own body was being surrendered in advance"* and that if a *"labourer remains totally subservient to his master's will voluntarily, he is not yet a slave since his submission is voluntary."* [p. 40] However, as we noted in section [F.2](#), Rothbard emphasis on quitting fails to recognise that actual denial of will and control over ones own body that is explicit in wage labour. It is this failure that pro-slave contract "libertarians" stress -- as we will see, they consider the slave contract as an extended wage contract. Moreover, a modern slave contract would likely take the form of a *"performance bond"* [**Op. Cit.**, p. 136] in which the slave agrees to perform X years labour or pay their master substantial damages. The threat of damages that enforces the contract and such a "contract" Rothbard does agree is enforceable -- along with *"conditional exchange"* [p. 141] which could be another way of creating slave contracts.)

The right-Libertarian J. Philmore argues there is a *"fundamental contradiction"* in a modern liberal society for the state to prohibit slave contracts. Lets, however, not do these arguers for slavery an injustice. They are arguing for a *"civilised form of contractual slavery"* (our emphasis). [J. Philmore, *"The Libertarian Case for Slavery"*, **The Philosophical Forum**, xiv, 1982, p. 55, p. 58] Such a "civilised" form of slavery could occur when

an individual would "agree" to sell themselves to themselves to another (as when a starving worker would "agree" to become a slave in return for food). In addition, the contract would be able to be broken under certain conditions (perhaps in return for breaking the contract, the former slave would have pay damages to his or her master for the labour their master would lose - a sizeable amount no doubt and such a payment could result in debt slavery, which is the most common form of "civilised" slavery. Such damages may be agreed in the contract as a "performance bond" or "conditional exchange").

So, right-Libertarians are talking about "civilised" slavery (or, in other words, civil slavery) and not forced slavery.

We must stress that this is no academic debate. "Voluntary" slavery has been a problem in many societies and still exists in many countries today (particularly third world ones where bonded labour -- i.e. where debt is used to enslave people -- is the most common form). With the rise of sweat shops and child labour in many "developed" countries such as the USA, "voluntary" slavery (perhaps via debt and bonded labour) may become common in all parts of the world -- an ironic (if not surprising) result of "freeing" the market and being indifferent to the actual freedom of those within it.

And it is interesting to note that even Murray Rothbard is not against the selling of humans. He argued that children are the property of their parents. They can (bar actually murdering them by violence) do whatever they please with them, even sell them on a "*flourishing free child market*." [**The Ethics of Liberty**, p. 102]

Combined with a whole hearted support for child labour (after all, the child can leave its parents if it objects to working for them) such a "free child market" could easily become a "child slave market" -- with entrepreneurs making a healthy profit selling infants to other entrepreneurs who could make profits from the toil of "their" children (and such a process did occur in 19th century Britain). Unsurprisingly, Rothbard ignores the possible nasty aspects of such a market in human flesh (such as children being sold to work in factories, homes and brothels). And, of course, such a market could see women "specialising" in producing children for it (the use of child labour during the Industrial Revolution actually made it economically sensible for families to have more children) and, perhaps, gluts and scarcities of babies due to changing market conditions. But this is besides the point.

Of course, this theoretical justification for slavery at the heart of an ideology calling itself "libertarianism" is hard for many right-Libertarians to accept. Some of the "anarcho"-capitalist type argue that such contracts would be very hard to enforce in their system of capitalism. This attempt to get out of the contradiction fails simply because it ignores the nature of the capitalist market. If there is a demand for slave contracts to be enforced, then companies will develop to provide that "service" (and it would be interesting to see how two "protection" firms, one defending slave contracts and another not, could compromise and reach a peaceful agreement over whether slave contracts were valid). Thus we could see a so-called "anarchist" or "free" society producing companies whose specific purpose was to hunt down escaped slaves (i.e. individuals in slave contracts who have not paid damages to their owners for freedom). Of

course, perhaps Rothbard would claim that such slave contracts would be "outlawed" under his "general libertarian law code" but this is a denial of market "freedom". If slave contracts **are** "banned" then surely this is paternalism, stopping individuals from contracting out their "labour services" to whom and however long they "desire". You cannot have it both ways.

So, ironically, an ideology proclaiming itself to support "liberty" ends up justifying and defending slavery. Indeed, for the right-libertarian the slave contract is an exemplification, not the denial, of the individual's liberty! How is this possible? How can slavery be supported as an expression of liberty? Simple, right-Libertarian support for slavery is a symptom of a **deeper** authoritarianism, namely their uncritical acceptance of contract theory. The central claim of contract theory is that contract is the means to secure and enhance individual freedom. Slavery is the antithesis to freedom and so, in theory, contract and slavery must be mutually exclusive. However, as indicated above, some contract theorists (past and present) have included slave contracts among legitimate contracts. This suggests that contract theory cannot provide the theoretical support needed to secure and enhance individual freedom. Why is this?

As Carole Pateman argues, *"contract theory is primarily about a way of creating social relations constituted by subordination, not about exchange."* [**The Sexual Contract**, p. 40] Rather than undermining subordination, contract theorists justify modern subjection - *"contract doctrine has proclaimed that subjection to a master - a boss, a husband - is freedom."* [**Op. Cit.**, p. 146] The question central to contract theory (and so right-Libertarianism) is not "are people free" (as one would

expect) but "are people free to subordinate themselves in any manner they please." A radically different question and one only fitting to someone who does not know what liberty means.

Anarchists argue that not all contracts are legitimate and no free individual can make a contract that denies his or her own freedom. If an individual is able to express themselves by making free agreements then those free agreements must also be based upon freedom internally as well. Any agreement that creates domination or hierarchy negates the assumptions underlying the agreement and makes itself null and void.

This is most easily seen in the extreme case of the slave contract. John Stuart Mill stated that such a contract would be "null and void." He argued that an individual may voluntarily choose to enter such a contract but in so doing *"he abdicates his liberty; he foregoes any future use of it beyond that single act. He therefore defeats, in his own case, the very purpose which is the justification of allowing him to dispose of himself. . . The principle of freedom cannot require that he should be free not to be free. It is not freedom, to be allowed to alienate his freedom."* He adds that *"these reasons, the force of which is so conspicuous in this particular case, are evidently of far wider application."* [cited by Pateman, **Op. Cit.**, pp. 171-2]

And it is such an application that defenders of capitalism fear (Mill did in fact apply these reasons wider and unsurprisingly became a supporter of a market syndicalist form of socialism). If we reject slave contracts as illegitimate then, logically, we must also

reject **all** contracts that express qualities similar to slavery (i.e. deny freedom) including wage slavery.

The right Libertarian J. Philmore sees what is at stake and argues that "*contractual slavery [is] . . . [an] extension of the employer-employee contract.*" He asserts (correctly) that "*any thorough and decisive critique of voluntary slavery. . . would carry over to the employment contract. . . Such a critique would thus be a **reductio ad absurdum.***" [Philmore, **Op. Cit.**, p. 55] In other words, the difference between wage labour and slavery is the time scale, a slave contract is "merely" an extended employment contract. It is rare to find a supporter of capitalism being so honest! (And as Carole Pateman notes, "[t]here is a nice historical irony here. In the American South, slaves were emancipated and turned into wage labourers, and now American contractarians argue that all workers should have the opportunity to turn themselves into civil slaves." [**Ibid.**, p. 63]).

All this does not mean that we must reject free agreement. Far from it! Free agreement is **essential** for a society based upon individual dignity and liberty. There are a variety of forms of free agreement and anarchists support those based upon co-operation and self-management (i.e. individuals working together as equals). Anarchists desire to create relationships which reflect (and so express) the liberty that is the basis of free agreement. Capitalism creates relationships that deny liberty. The opposition between autonomy and subjection can only be maintained by modifying or rejecting contract theory, something that capitalism cannot do and so the right-wing Libertarian rejects autonomy in favour of subjection (and so rejects socialism in favour of capitalism).

The real contrast between anarchism and right-Libertarianism is best expressed in their respective opinions on slavery. Anarchism is based upon the individual whose individuality depends upon the maintenance of free relationships with other individuals. If individuals deny their capacities for self-government from themselves through a contract the individuals bring about a qualitative change in their relationship to others - freedom is turned into mastery and subordination. For the anarchist, slavery is thus the paradigm of what freedom is **not**, instead of an exemplification of what it is (as right-Libertarians state).

As Proudhon argued "*[i]f I were asked to answer the following question: What is slavery? and I should answer in one word, It is murder, my meaning would be understood at once. No extended argument would be required to show that the power to take from a man his thought, his will, his personality, is a power of life and death; and that to enslave a man is to kill him.*" [**What is Property?**, p. 37]

In contrast, the right-Libertarian effectively argues that "I support slavery because I believe in liberty." It is a sad reflection of the ethical and intellectual bankruptcy of our society that such an "argument" is actually taken seriously by (some) people. The concept of "slavery as freedom" is far too Orwellian to warrant a critique - we will leave it up to right Libertarians to corrupt our language and ethical standards with an attempt to prove it.

From the basic insight that slavery is the opposite of freedom, the anarchist rejection of authoritarian social

relations quickly follows (the rejection that Philmore and other right-Libertarians fear):

"Liberty is inviolable. I can neither sell nor alienate my liberty; every contract, every condition of a contract, which has in view the alienation or suspension of liberty, is null: the slave, when he plants his foot upon the soil of liberty, at that moment becomes a free man. . . Liberty is the original condition of man; to renounce liberty is to renounce the nature of man: after that, how could we perform the acts of man?" [P.J. Proudhon, **Op. Cit.**, p. 67]

The employment contract (i.e. wage slavery) abrogates liberty. It is based upon inequality of power and *"exploitation is a consequence of the fact that the sale of labour power entails the worker's subordination."* [Carole Pateman, **Op. Cit.**, P. 149] Hence Proudhon's (and Mill's) support of self-management and opposition to capitalism - any relationship that resembles slavery is illegitimate and no contract that creates a relationship of subordination is valid. Thus in a truly anarchistic society, slave contracts would be unenforceable -- people in a truly free (i.e. non-capitalist) society would **never** tolerate such a horrible institution or consider it a valid agreement. If someone was silly enough to sign such a contract, they would simply have to say they now rejected it in order to be free -- such contracts are made to be broken and without the force of a law system (and private defence firms) to back it up, such contracts will stay broken.

The right-Libertarian support for slave contracts (and wage slavery) indicates that their ideology has little to do with liberty and far more to do with justifying property

and the oppression and exploitation it produces. Their support and theoretical support for slavery indicates a deeper authoritarianism which negates their claims to be libertarians.

F.2.7 BUT SURELY ABOLISHING CAPITALISM WOULD RESTRICT LIBERTY?

Many "anarcho"-capitalists and other supporters of capitalism argue that it would be "authoritarian" to restrict the number of alternatives that people can choose between by abolishing capitalism. If workers become wage labourers, so it is argued, it is because they "value" other things more -- otherwise they would not agree to the exchange. But such an argument ignores that reality of capitalism.

By **maintaining** capitalist private property, the options available to people **are** restricted. In a fully developed capitalist economy the vast majority have the "option" of selling their labour or starving/living in poverty -- self-employed workers account for less than 10% of the working population. Usually, workers are at a disadvantage on the labour market due to the existence of unemployment and so accept wage labour because otherwise they would starve (see section [F.10.2](#) for a discussion on why this is the case). And as we argue in sections [J.5.11](#) and [J.5.12](#), even **if** the majority of the working population desired co-operative workplaces, a capitalist market will not provide them with that outcome due to the nature of the capitalist workplace (also see Juliet C. Schor's excellent book **The Overworked American** for a discussion of why workers

desire for more free time is not reflected in the labour market). In other words, it is a myth to claim that wage labour exists or that workplaces are hierarchical because workers value other things -- they are hierarchical because bosses have more clout on the market than workers and, to use Schor's expression, workers end up wanting what they get rather than getting what they want.

Looking at the reality of capitalism we find that because of inequality in resources (protected by the full might of the legal system, we should note) those with property get to govern those without it during working hours (and beyond in many cases). If the supporters of capitalism were actually concerned about liberty (as opposed to property) that situation would be abhorrent to them -- after all, individuals can no longer exercise their ability to make decisions, choices, and are reduced to being order takers. If choice and liberty are the things we value, then the ability to make choices in all aspects of life automatically follows (including during work hours). However, the authoritarian relationships and the continual violation of autonomy wage labour implies are irrelevant to "anarcho"-capitalists (indeed, attempts to change this situation are denounced as violations of the autonomy of the property owner!). By purely concentrating on the moment that a contract is signed they blind themselves to the restricts of liberty that wage contracts create.

Of course, anarchists have no desire to **ban** wage labour -- we aim to create a society within which people are not forced by circumstances to sell their liberty to others. In order to do this, anarchists propose a modification of property and property rights to ensure true freedom of

choice (a freedom of choice denied to us by capitalism). As we have noted many times, "bilateral exchanges" can and do adversely effect the position of third parties if they result in the build-up of power/money in the hands of a few. And one of these adverse effects can be the restriction of workers options due to economic power. Therefore it is the supporter of capitalist who restricts options by supporting an economic system and rights framework that by their very workings reduce the options available to the majority, who then are "free to choose" between those that remain (see also section [B.4](#)). Anarchists, in contrast, desire to expand the available options by abolishing capitalist private property rights and removing inequalities in wealth and power that help restrict our options and liberties artificially.

So does an anarchist society have much to fear from the spread of wage labour within it? Probably not. If we look at societies such as the early United States or the beginnings of the Industrial Revolution in Britain, for example, we find that, given the choice, most people preferred to work for themselves. Capitalists found it hard to find enough workers to employ and the amount of wages that had to be offered to hire workers were so high as to destroy any profit margins. Moreover, the mobility of workers and their "laziness" was frequently commented upon, with employers despairing at the fact workers would just work enough to make end meet and then disappear. Thus, left to the actions of the "free market," it is doubtful that wage labour would have spread. But it was not left to the "free market".

In response to these "problems", the capitalists turned to the state and enforced various restrictions on society (the most important being the land, tariff and money

monopolies -- see section [B.3](#) and [F.8](#)). In free competition between artisan and wage labour, wage labour only succeeded due to the use of state action to create the required circumstances to discipline the labour force and to accumulate enough capital to give capitalists an edge over artisan production (see section [F.8](#) for more details).

Thus an anarchist society would not have to fear the spreading of wage labour within it. This is simply because would-be capitalists (like those in the early United States) would have to offer such excellent conditions, workers' control and high wages as to make the possibility of extensive profits from workers' labour nearly impossible. Without the state to support them, they will not be able to accumulate enough capital to give them an advantage within a free society. Moreover, it is somewhat ironic to hear capitalists talking about anarchism denying choice when we oppose wage labour considering the fact workers were not given any choice when the capitalists used the state to develop wage labour in the first place!

F.2.8 WHY SHOULD WE REJECT THE "ANARCHO"- CAPITALIST DEFINITIONS OF FREEDOM AND JUSTICE?

Simply because they lead to the creation of authoritarian social relationships and so to restrictions on liberty. A political theory which, when consistently followed, has evil or iniquitous consequences, is a bad theory.

For example, any theory that can justify slavery is obviously a bad theory - slavery does not cease to stink

the moment it is seen to follow your theory. As right-Libertarians can justify slave contracts as a type of wage labour (see section [F.2.6](#)) as well as numerous other authoritarian social relationships, it is obviously a bad theory.

It is worth quoting Noam Chomsky at length on this subject:

"Consider, for example, the 'entitlement theory of justice'. . . [a]ccording to this theory, a person has a right to whatever he has acquired by means that are just. If, by luck or labour or ingenuity, a person acquires such and such, then he is entitled to keep it and dispose of it as he wills, and a just society will not infringe on this right.

"One can easily determine where such a principle might lead. It is entirely possible that by legitimate means - say, luck supplemented by contractual arrangements 'freely undertaken' under pressure of need - one person might gain control of the necessities of life. Others are then free to sell themselves to this person as slaves, if he is willing to accept them. Otherwise, they are free to perish. Without extra question-begging conditions, the society is just.

"The argument has all the merits of a proof that $2 + 2 = 5$. . . Suppose that some concept of a 'just society' is advanced that fails to characterise the situation just described as unjust. . . Then one of two conclusions is in order. We may conclude that the concept is simply unimportant and of no interest as a guide to thought or action, since it fails to apply properly even in such an elementary case as this. Or we may conclude that the

*concept advanced is to be dismissed in that it fails to correspond to the pretheoretical notion that it intends to capture in clear cases. If our intuitive concept of justice is clear enough to rule social arrangements of the sort described as grossly unjust, then the sole interest of a demonstration that this outcome might be 'just' under a given 'theory of justice' lies in the inference by **reductio ad absurdum** to the conclusion that the theory is hopelessly inadequate. While it may capture some partial intuition regarding justice, it evidently neglects others.*

"The real question to be raised about theories that fail so completely to capture the concept of justice in its significant and intuitive sense is why they arouse such interest. Why are they not simply dismissed out of hand on the grounds of this failure, which is striking in clear cases? Perhaps the answer is, in part, the one given by Edward Greenberg in a discussion of some recent work on the entitlement theory of justice. After reviewing empirical and conceptual shortcomings, he observes that such work 'plays an important function in the process of . . . 'blaming the victim,' and of protecting property against egalitarian onslaughts by various non-propertied groups.' An ideological defence of privileges, exploitation, and private power will be welcomed, regardless of its merits.

"These matters are of no small importance to poor and oppressed people here and elsewhere." [The Chomsky Reader, pp. 187-188]

It may be argued that the reductions in liberty associated with capitalism is not really an iniquitous outcome, but such an argument is hardly fitting for a theory

proclaiming itself "libertarian." And the results of these authoritarian social relationships? To quote Adam Smith, under the capitalist division of labour the worker "*has no occasion to exert his understanding, or exercise his invention*" and "*he naturally loses, therefore, the habit of such exercise and generally becomes as stupid and ignorant as it is possible for a human creature to become.*" The worker's mind falls "*into that drowsy stupidity, which, in a civilised society, seems to benumb the understanding of almost all of the inferior [sic!] ranks of people.*" [cited by Chomsky, **Op. Cit.**, p. 186]

Of course, it may be argued that these evil effects of capitalist authority relations on individuals are also not iniquitous (or that the very real domination of workers by bosses is not really domination) but that suggests a desire to sacrifice real individuals, their hopes and dreams and lives to an abstract concept of liberty, the accumulative effect of which would be to impoverish all our lives. The kind of relationships we create **within** the organisations we join are of as great an importance as their voluntary nature. Social relations **shape** the individual in many ways, restricting their freedom, their perceptions of what freedom is and what their interests actually are. This means that, in order not to be farcical, any relationships we create must reflect in their internal workings the critical evaluation and self-government that created them in the first place. Sadly capitalist individualism masks structures of power and relations of domination and subordination within seemingly "voluntary" associations -- it fails to note the relations of domination resulting from private property and so "*what has been called 'individualism' up to now has been only a foolish egoism which belittles the individual. Foolish because it was not individualism at all. It did not lead to*

what was established as a goal; that is the complete, broad, and most perfectly attainable development of individuality." [Peter Kropotkin, **Selected Writings**, p. 297]

This right-Libertarian lack of concern for concrete individual freedom and individuality is a reflection of their support for "free markets" (or "economic liberty" as they sometimes phrase it). However, as Max Stirner noted, this fails to understand that "[p]olitical liberty means that the **polis**, the State, is free; . . . not, therefore, that I am free of the State. . . It does not mean **my** liberty, but the liberty of a power that rules and subjugates me; it means that one of my **despots** . . . is free." [**The Ego and Its Own**, p. 107] Thus the desire for "free markets" results in a blindness that while the market may be "free" the individuals within it may not be (as Stirner was well aware, "[u]nder the **regime** of the commonality the labourers always fall into the hands of the possessors . . . of the capitalists, therefore." [**Op. Cit.**, p. 115])

In other words, right-libertarians give the greatest importance to an abstract concept of freedom and fail to take into account the fact that real, concrete freedom is the outcome of self-managed activity, solidarity and voluntary co-operation. For liberty to be real it must exist in all aspects of our daily life and cannot be contracted away without seriously effecting our minds, bodies and lives. Thus, the right-Libertarian's "*defence of freedom is undermined by their insistence on the concept of negative liberty, which all too easily translates in experience as the negation of liberty.*" [Stephan L. Newman, **Liberalism as Wit's End**, p. 161]

Thus right-Libertarian's fundamental fallacy is that "contract" does not result in the end of power or domination (particularly when the bargaining power or wealth of the would-be contractors is not equal). As Carole Pateman notes, "[i]ronically, the contractarian ideal cannot encompass capitalist employment. Employment is not a continual series of discrete contracts between employer and worker, but . . . one contract in which a worker binds himself to enter an enterprise and follow the directions of the employer for the duration of the contract. As Huw Benyon has bluntly stated, 'workers are paid to obey.'" [**The Sexual Contract**, p. 148] This means that "the employment contract (like the marriage contract) is not an exchange; both contracts create social relations that endure over time - social relations of subordination." [**Ibid.**]

Authority impoverishes us all and must, therefore, be combated wherever it appears. That is why anarchists oppose capitalism, so that there shall be "*no more government of man by man, by means of accumulation of capital.*" [P-J Proudhon, cited by Woodcock in **Anarchism**, p. 110] If, as Murray Bookchin point it, "*the object of anarchism is to increase choice*" [**The Ecology of Freedom**, p. 70] then this applies both to when we are creating associations/relationships with others and when we are **within** these associations/relationships -- i.e. that they are consistent with the liberty of all, and that implies participation and self-management **not** hierarchy. "Anarcho"-capitalism fails to understand this essential point and by concentrating purely on the first condition for liberty ensures a society based upon domination, oppression and hierarchy and not freedom.

It is unsurprising, therefore, to find that the basic unit of analysis of the "anarcho"-capitalist/right-libertarian is the transaction (the "trade," the "contract"). The freedom of the individual is seen as revolving around an act, the contract, and **not** in our relations with others. All the social facts and mechanisms that precede, surround and result from the transaction are omitted. In particular, the social relations that result from the transaction are ignored (those, and the circumstances that make people contract, are the two unmentionables of right-libertarianism).

For anarchists it seems strange to concentrate on the moment that a contract is signed and ignore the far longer time the contract is active for (as we noted in section [A.2.14](#), if the worker is free when they sign a contract, slavery soon overtakes them). Yes, the voluntary nature of a decision is important, but so are the social relationships we experience due to those decisions.

For the anarchist, freedom is based upon the insight that other people, apart from (indeed, **because** of) having their own intrinsic value, also are "means to my end", that it is through their freedom that I gain my own -- so enriching my life. As Bakunin put it:

"I who want to be free cannot be because all the men around me do not yet want to be free, and consequently they become tools of oppression against me." [quoted by Errico Malatesta in **Anarchy**, p. 27]

Therefore anarchists argue that we must reject the right-Libertarian theories of freedom and justice because they end up supporting the denial of liberty as the expression

of liberty. What this fails to recognise is that freedom is a product of social life and that (in Bakunin's words) *"[n]o man can achieve his own emancipation without at the same time working for the emancipation of all men around him. My freedom is the freedom of all since I am not truly free in thought and in fact, except when my freedom and my rights are confirmed and approved in the freedom and rights of all men who are my equals."* [Ibid.]

Other people give us the possibilities to develop our full human potentiality and thereby our freedom, so when we destroy the freedom of others we limit our own. *"To treat others and oneself as property,"* argues anarchist L. Susan Brown, *"objectifies the human individual, denies the unity of subject and object and is a negation of individual will . . . even the freedom gained by the other is compromised by this relationship, for to negate the will of another to achieve one's own freedom destroys the very freedom one sought in the first place."* [**The Politics of Individualism**, p. 3]

Fundamentally, it is for this reason that anarchists reject the right-Libertarian theories of freedom and justice -- it just does not ensure individual freedom or individuality.

F.3 WHY DO ANARCHO"-CAPITALISTS
GENERALLY PLACE LITTLE OR NO VALUE ON
"EQUALITY," AND WHAT DO THEY MEAN BY
THAT TERM?

Murray Rothbard argues that *"the 'rightist' libertarian is not opposed to inequality."* [**For a New Liberty**, p. 47] In contrast, "leftist" libertarians oppose inequality because it has harmful effects on individual liberty.

Part of the reason "anarcho"-capitalism places little or no value on "equality" derives from their definition of that term. Murray Rothbard defines equality as:

*"A and B are 'equal' if they are identical to each other with respect to a given attribute... There is one and only one way, then, in which any two people can really be 'equal' in the fullest sense: they must be identical in **all** their attributes."* He then points out the obvious fact that *"men are not uniform,. . . the species, mankind, is uniquely characterised by a high degree of variety, diversity, differentiation: in short, inequality."* [**Egalitarianism as a Revolt against Nature and Other Essays**, p. 4, p.5]

In others words, every individual is unique. Something no egalitarian has ever denied. On the basis of this amazing insight, he concludes that equality is impossible (except "equality of rights") and that the attempt to achieve "equality" is a "revolt against nature" -- as if any anarchist had ever advocated such a notion of equality as being identical!

And so, because we are all unique, the outcome of our actions will not be identical and so social inequality flows from natural differences and not due to the economic system we live under. Inequality of endowment implies inequality of outcome and so social inequality. As individual differences are a fact of nature, attempts to create a society based on "equality" (i.e. making everyone identical in terms of possessions and so forth) is impossible and "unnatural."

Before continuing, we must note that Rothbard is destroying language to make his point and that he is not the first to abuse language in this particular way. In George Orwell's **1984**, the expression "*all men are created equal*" could be translated into Newspeak, but it would make as much sense as saying "*all men have red hair*," an obvious falsehood (see "*The Principles of Newspeak*" Appendix). It's nice to know that "Mr. Libertarian" is stealing ideas from Big Brother, and for the same reason: to make critical thought impossible by restricting the meaning of words.

"Equality," in the context of political discussion, does not mean "identical," it usually means equality of rights, respect, worth, power and so forth. It does not imply treating everyone identically (for example, expecting an eighty year old man to do identical work to an eighteen violates treating both with respect as unique individuals). For anarchists, as Alexander Berkman writes, "*equality does not mean an equal amount but equal **opportunity**. . . Do not make the mistake of identifying equality in liberty with the forced equality of the convict camp. True anarchist equality implies freedom, not quantity. It does not mean that every one must eat, drink, or wear the same things, do the same work, or live in the same*

*manner. Far from it: the very reverse, in fact. Individual needs and tastes differ, as appetites differ. It is **equal** opportunity to satisfy them that constitutes true equality. Far from levelling, such equality opens the door for the greatest possible variety of activity and development. For human character is diverse, and only the repression of this free diversity results in levelling, in uniformity and sameness. Free opportunity and acting out your individuality means development of natural dissimilarities and variations. . . . Life in freedom, in anarchy will do more than liberate man merely from his present political and economic bondage. That will be only the first step, the preliminary to a truly human existence."* [The ABC of Anarchism, p. 25]

Thus anarchists reject the Rothbardian-Newspeak definition of equality as meaningless within political discussion. No two people are identical and so imposing "identical" equality between them would mean treating them as **unequals**, i.e. not having equal worth or giving them equal respect as befits them as human beings and fellow unique individuals.

So what should we make of Rothbard's claim? It is tempting just to quote Rousseau when he argued "*it is . . . useless to inquire whether there is any essential connection between the two inequalities [social and natural]; for this would be only asking, in other words, whether those who command are necessarily better than those who obey, and if strength of body or of mind, wisdom, or virtue are always found in particular individuals, in proportion to their power or wealth: a question fit perhaps to be discussed by slaves in the hearing of their masters, but highly unbecoming to reasonable and free men in search of the truth.*" [The

Social Contract and Discourses, p. 49] But a few more points should be raised.

The uniqueness of individuals has always existed but for the vast majority of human history we have lived in very egalitarian societies. If social inequality did, indeed, flow from natural inequalities then **all** societies would be marked by it. This is not the case. Indeed, taking a relatively recent example, many visitors to the early United States noted its egalitarian nature, something that soon changed with the rise of wage labour and industrial capitalism (a rise dependent upon state action, we must add, -- see section [F.8](#)). This implies that the society we live in (its rights framework, the social relationships it generates and so forth) has a far more of a decisive impact on inequality than individual differences. Thus certain rights frameworks will tend to magnify "natural" inequalities (assuming that is the source of the initial inequality, rather than, say, violence and force). As Noam Chomsky argues:

"Presumably it is the case that in our 'real world' some combination of attributes is conducive to success in responding to 'the demands of the economic system' . . . One might suppose that some mixture of avarice, selfishness, lack of concern for others, aggressiveness, and similar characteristics play a part in getting ahead [in capitalism]. . . Whatever the correct collection of attributes may be, we may ask what follows from the fact, if it is a fact, that some partially inherited combination of attributes tends to material success? All that follows . . . is a comment on our particular social and economic arrangements . . . The egalitarian might respond, in all such cases, that the social order should be changes so that the collection of attributes that tends

to bring success no longer do so . . . " [The Chomsky Reader, p. 190]

So, perhaps, if we change society then the social inequalities we see today would disappear. It is more than probable that natural difference has been long ago been replaced with **social** inequalities, especially inequalities of property (which will tend to increase, rather than decrease, inequality). And as we argue in section [F.8](#) these inequalities of property were initially the result of force, **not** differences in ability. Thus to claim that social inequality flows from natural differences is false as most social inequality has flown from violence and force. This initial inequality has been magnified by the framework of capitalist property rights and so the inequality within capitalism is far more dependent upon, say, the existence of wage labour, rather than "natural" differences between individuals.

If we look at capitalism, we see that in workplaces and across industries many, if not most, unique individuals receive identical wages for identical work (although this often is not the case for women and blacks, who receive less wages than male, white workers). Similarly, capitalists have deliberately introduced wage inequalities and hierarchies for no other reason than to divide (and so rule) the workforce (see section [D.10](#)). Thus, if we assume egalitarianism **is** a revolt against nature, then much of capitalist economic life is in such a revolt (and when it is not, the "natural" inequalities have been imposed artificially by those in power).

Thus "natural" differences do not necessarily result in inequality as such. Given a different social system, "natural" differences would be encouraged and

celebrated far wider than they are under capitalism (where, as we argued in section [B.1](#), hierarchy ensures the crushing of individuality rather than its encouragement) without any change in social equality. The claim that "natural" differences generates social inequalities is question begging in the extreme -- it takes the rights framework of society as a given and ignores the initial source of inequality in property and power. Indeed, inequality of outcome or reward is more likely to be influenced by social conditions rather than individual differences (as would be the case in a society based on wage labour or other forms of exploitation).

Another reason for "anarcho"-capitalist lack of concern for equality is that they think that *"liberty upsets patterns"* (see section [F.2.5](#), for example). It is argued that equality can only be maintained by restricting individual freedom to make exchanges or by taxation of income. However, what this argument fails to acknowledge is that inequality also restricts individual freedom (see [next section](#), for example) and that the capitalist property rights framework is not the only one possible. After all, money is power and inequalities in terms of power easily result in restrictions of liberty and the transformation of the majority into order takers rather than free producers. In other words, once a certain level of inequality is reached, property does not promote, but actually conflicts with, the ends which render private property legitimate. Moreover, Nozick (in his "liberty upsets patterns" argument) *"has produced . . . an argument for unrestricted private property using unrestricted private property, and thus he begs the question he tries to answer."* [Andrew Kerhohan, *"Capitalism and Self-Ownership"*, from **Capitalism**, p. 71] For example, a worker employed by a capitalist

cannot freely exchange the machines or raw materials they have been provided with to use but Nozick does not class this distribution of "restricted" property rights as infringing liberty (nor does he argue that wage slavery itself restricts freedom, of course).

So in response to the claim that equality could only be maintained by continuously interfering with people's lives, anarchists would say that the inequalities produced by capitalist property rights also involve extensive and continuous interference with people's lives. After all, as Bob Black notes *"[y]our foreman or supervisor gives you more or-else orders in a week than the police do in a decade"* nevermind the other effects of inequality such as stress, ill health and so on [**Libertarian as Conservative**]. Thus claims that equality involves infringing liberty ignores the fact that inequality also infringes liberty. A reorganisation of society could effectively minimise inequalities by eliminating the major source of such inequalities (wage labour) by self-management (see section [1.5.12](#) for a discussion of "capitalistic acts" within an anarchist society). We have no desire to restrict free exchanges (after all, most anarchists desire to see the "gift economy" become a reality sooner or later) but we argue that free exchanges need not involve the unrestricted property rights Nozick assumes. As we argue in sections [F.2](#) and [F.3.1](#), inequality can easily led to the situation where self-ownership is used to justify its own negation and so unrestricted property rights may undermine the meaningful self-determination (what anarchists would usually call "freedom" rather than self-ownership) which many people intuitively understand by the term "self-ownership".

Thus, for anarchists, the "anarcho"-capitalist opposition to equality misses the point and is extremely question begging. Anarchists do not desire to make humanity "identical" (which would be impossible and a total denial of liberty **and** equality) but to make the social relationships between individuals equal in **power**. In other words, they desire a situation where people interact together without institutionalised power or hierarchy and are influenced by each other "naturally," in proportion to how the (individual) **differences** between (social) **equals** are applicable in a given context. To quote Michael Bakunin, *"[t]he greatest intelligence would not be equal to a comprehension of the whole. Thence results. . . the necessity of the division and association of labour. I receive and I give -- such is human life. Each directs and is directed in his turn. Therefore there is no fixed and constant authority, but a continual exchange of mutual, temporary, and, above all, voluntary authority and subordination."* [**God and the State**, p. 33]

Such an environment can only exist within self-managed associations, for capitalism (i.e. wage labour) creates very specific relations and institutions of authority. It is for this reason anarchists are socialists (i.e. opposed to wage labour, the existence of a proletariat or working class). In other words, anarchists support equality precisely **because** we recognise that everyone is unique. If we are serious about "equality of rights" or "equal freedom" then conditions must be such that people can enjoy these rights and liberties. If we assume the right to develop one's capacities to the fullest, for example, then inequality of resources and so power within society destroys that right simply because people do not have the means to freely exercise their capacities (they are subject

to the authority of the boss, for example, during work hours).

So, in direct contrast to anarchism, right-Libertarianism is unconcerned about any form of equality except "equality of rights". This blinds them to the realities of life; in particular, the impact of economic and social power on individuals within society and the social relationships of domination they create. Individuals may be "equal" before the law and in rights, but they may not be free due to the influence of social inequality, the relationships it creates and how it affects the law and the ability of the oppressed to use it. Because of this, all anarchists insist that equality is essential for freedom, including those in the Individualist Anarchist tradition the "anarcho"-capitalist tries to co-opt -- *"Spooner and Godwin insist that inequality corrupts freedom. Their anarchism is directed as much against inequality as against tyranny" and "[w]hile sympathetic to Spooner's individualist anarchism, they [Rothbard and David Friedman] fail to notice or conveniently overlook its egalitarian implications."* [Stephen L. Newman, **Liberalism at Wit's End**, p. 74, p. 76]

Why equality is important is discussed more fully in the [next section](#). Here we just stress that without social equality, individual freedom is so restricted that it becomes a mockery (essentially limiting freedom of the majority to choosing **which** employer will govern them rather than being free within and outside work).

Of course, by defining "equality" in such a restrictive manner, Rothbard's own ideology is proved to be nonsense. As L.A. Rollins notes, *"Libertarianism, the advocacy of 'free society' in which people enjoy 'equal*

freedom' and 'equal rights,' is actually a specific form of egalitarianism. As such, Libertarianism itself is a revolt against nature. If people, by their very biological nature, are unequal in all the attributes necessary to achieving, and preserving 'freedom' and 'rights'. . . then there is no way that people can enjoy 'equal freedom' or 'equal rights'. If a free society is conceived as a society of 'equal freedom,' then there ain't no such thing as 'a free society'." [The Myth of Natural Law, p. 36]

Under capitalism, freedom is a commodity like everything else. The more money you have, the greater your freedom. "Equal" freedom, in the Newspeak-Rothbardian sense, **cannot** exist! As for "equality before the law", it's clear that such a hope is always dashed against the rocks of wealth and market power (see [next section](#) for more on this). As far as rights go, of course, both the rich and the poor have an "equal right" to sleep under a bridge (assuming the bridge's owner agrees of course!); but the owner of the bridge and the homeless have **different** rights, and so they cannot be said to have "equal rights" in the Newspeak-Rothbardian sense either. Needless to say, poor and rich will not "equally" use the "right" to sleep under a bridge, either.

Bob Black observes in **The Libertarian as Conservative** that "[t]he time of your life is the one commodity you can sell but never buy back. Murray Rothbard thinks egalitarianism is a revolt against nature, but his day is 24 hours long, just like everybody else's."

By twisting the language of political debate, the vast differences in power in capitalist society can be "blamed" not on an unjust and authoritarian system but

on "biology" (we are all unique individuals, after all). Unlike genes (although biotechnology corporations are working on this, too!), human society **can** be changed, by the individuals who comprise it, to reflect the basic features we all share in common -- our humanity, our ability to think and feel, and our need for freedom.

F.3.1 WHY IS THIS DISREGARD FOR EQUALITY IMPORTANT?

Simply because a disregard for equality soon ends with liberty for the majority being negated in many important ways. Most "anarcho"-capitalists and right-Libertarians deny (or at best ignore) market power. Rothbard, for example, claims that economic power does not exist; what people call "*economic power*" is "*simply the right under freedom to refuse to make an exchange*" [**The Ethics of Liberty**, p. 222] and so the concept is meaningless.

However, the fact is that there are substantial power centres in society (and so are the source of hierarchical power and authoritarian social relations) which are **not the state**. The central fallacy of "anarcho"-capitalism is the (unstated) assumption that the various actors within an economy have relatively equal power. This assumption has been noted by many readers of their works. For example, Peter Marshall notes that "*'anarcho-capitalists' like Murray Rothbard assume individuals would have equal bargaining power in a [capitalist] market-based society*" [**Demanding the Impossible**, p. 46] George Walford also makes this clear

in his comments on David Friedman's **The Machinery of Freedom**:

"The private ownership envisaged by the anarcho-capitalists would be very different from that which we know. It is hardly going too far to say that while the one is nasty, the other would be nice. In anarcho-capitalism there would be no National Insurance, no Social Security, no National Health Service and not even anything corresponding to the Poor Laws; there would be no public safety-nets at all. It would be a rigorously competitive society: work, beg or die. But as one reads on, learning that each individual would have to buy, personally, all goods and services needed, not only food, clothing and shelter but also education, medicine, sanitation, justice, police, all forms of security and insurance, even permission to use the streets (for these also would be privately owned), as one reads about all this a curious feature emerges: everybody always has enough money to buy all these things.

"There are no public casual wards or hospitals or hospices, but neither is there anybody dying in the streets. There is no public educational system but no uneducated children, no public police service but nobody unable to buy the services of an efficient security firm, no public law but nobody unable to buy the use of a private legal system. Neither is there anybody able to buy much more than anybody else; no person or group possesses economic power over others.

"No explanation is offered. The anarcho-capitalists simply take it for granted that in their favoured society, although it possesses no machinery for restraining competition (for this would need to exercise authority

*over the competitors and it is an **anarcho-** capitalist society) competition would not be carried to the point where anybody actually suffered from it. While proclaiming their system to be a competitive one, in which private interest rules unchecked, they show it operating as a co-operative one, in which no person or group profits at the cost of another."* [**On the Capitalist Anarchists**]

This assumption of (relative) equality comes to the fore in Murray Rothbard's "Homesteading" concept of property (discussed in section [F.4.1](#)). "Homesteading" paints a picture of individuals and families doing into the wilderness to make a home for themselves, fighting against the elements and so forth. It does **not** invoke the idea of transnational corporations employing tens of thousands of people or a population without land, resources and selling their labour to others. Indeed, Rothbard argues that economic power does not exist (at least under capitalism; as we saw in section [F.2.1](#) he does make -- highly illogical -- exceptions). Similarly, David Friedman's example of a pro-death penalty and anti-death penalty "defence" firm coming to an agreement (see section [F.6.3](#)) assumes that the firms have equal bargaining powers and resources -- if not, then the bargaining process would be very one-sided and the smaller company would think twice before taking on the larger one in battle (the likely outcome if they cannot come to an agreement on this issue) and so compromise.

However, the right-libertarian denial of market power is unsurprising. The necessity, not the redundancy, of equality is required if the inherent problems of contract are not to become too obvious. If some individuals **are** assumed to have significantly more power than others,

and if they are always self-interested, then a contract that creates equal partners is impossible -- the pact will establish an association of masters and servants. Needless to say, the strong will present the contract as being to the advantage of both: the strong no longer have to labour (and become rich, i.e. even stronger) and the weak receive an income and so do not starve.

If freedom is considered as a function of ownership then it is very clear that individuals lacking property (outside their own body, of course) loses effective control over their own person and labour (which was, let's not forget, the basis of their equal natural rights). When one's bargaining power is weak (which is typically the case in the labour market) exchanges tend to magnify inequalities of wealth and power over time rather than working towards an equalisation.

In other words, "contract" need not replace power if the bargaining position and wealth of the would-be contractors are not equal (for, if the bargainers had equal power it is doubtful they would agree to sell control of their liberty/time to another). This means that "power" and "market" are not antithetical terms. While, in an abstract sense, all market relations are voluntary in practice this is not the case within a capitalist market. For example, a large company has a comparative advantage over small ones and communities which will definitely shape the outcome of any contract. For example, a large company or rich person will have access to more funds and so stretch out litigations and strikes until their opponents' resources are exhausted. Or, if a local company is polluting the environment, the local community may put up with the damage caused out of fear that the industry (which it depends upon) would

relocate to another area. If members of the community **did** sue, then the company would be merely exercising its property rights when it threatened to move to another location. In such circumstances, the community would "freely" consent to its conditions or face massive economic and social disruption. And, similarly, *"the landlords' agents who threaten to discharge agricultural workers and tenants who failed to vote the reactionary ticket"* in the 1936 Spanish election were just exercising their legitimate property rights when they threatened working people and their families with economic uncertainty and distress. [Murray Bookchin, **The Spanish Anarchists**, p. 260]

If we take the labour market, it is clear that the "buyers" and "sellers" of labour power are rarely on an equal footing (if they were, then capitalism would soon go into crisis -- see section [F.10.2](#)). In fact, competition *"in labour markets is typically skewed in favour of employers: it is a buyer's market. And in a buyer's, it is the sellers who compromise."* [Juliet B. Schor, **The Overworked American**, p. 129] Thus the ability to refuse an exchange weights most heavily on one class than another and so ensures that "free exchange" works to ensure the domination (and so exploitation) of one party by the other.

Inequality in the market ensures that the decisions of the majority of within it are shaped in accordance with that needs of the powerful, not the needs of all. It was for this reason that the Individual Anarchist J.K. Ingalls opposed Henry George's proposal of nationalising the land. Ingalls was well aware that the rich could outbid the poor for leases on land and so the dispossession of the working classes would continue.

The market, therefore, does not end power or unfreedom -- they are still there, but in different forms. And for an exchange to be truly voluntary, both parties must have equal power to accept, reject, or influence its terms. Unfortunately, these conditions are rarely met on the labour market or within the capitalist market in general. Thus Rothbard's argument that economic power does not exist fails to acknowledge that the rich can out-bid the poor for resources and that a corporation generally has greater ability to refuse a contract (with an individual, union or community) than vice versa (and that the impact of such a refusal is such that it will encourage the others involved to "compromise" far sooner). And in such circumstances, formally free individuals will have to "consent" to be unfree in order to survive.

As Max Stirner pointed out in the 1840s, free competition *"is not 'free,' because I lack the **things** for competition."* [The Ego and Its Own, p. 262] Due to this basic inequality of wealth (of "things") we find that *"[u]nder the **regime** of the commonality the labourers always fall into the hands of the possessors . . . of the capitalists, therefore. The labourer cannot **realise** on his labour to the extent of the value that it has for the customer."* [Op. Cit., p. 115] It is interesting to note that even Stirner recognises that capitalism results in exploitation. And we may add that value the labourer does not *"realise"* goes into the hands of the capitalists, who invest it in more "things" and which consolidates and increases their advantage in "free" competition.

To quote Stephan L. Newman:

"Another disquieting aspect of the libertarians' refusal to acknowledge power in the market is their failure to

confront the tension between freedom and autonomy. . . Wage labour under capitalism is, of course, formally free labour. No one is forced to work at gun point. Economic circumstance, however, often has the effect of force; it compels the relatively poor to accept work under conditions dictated by owners and managers. The individual worker retains freedom [i.e. negative liberty] but loses autonomy [positive liberty]." [**Liberalism at Wit's End**, pp. 122-123]

(As an aside, we should point out that the full Stirner quote cited above is "[u]nder the **regime** of the commonality the labourers always fall into the hands of the possessors, of those who have at their disposal some bit of the state domains (and everything possessible in State domain belongs to the State and is only a fief of the individual), especially money and land; of the capitalists, therefore. The labourer cannot **realise** on his labour to the extent of the value that it has for the customer."

It could be argued that we misrepresenting Stirner by truncating the quote, but we feel that such a claim this is incorrect. Its clear from his book that Stirner is considering the "minimal" state ("*The State is a - commoners' State . . . It protects man . . . according to whether the rights entrusted to him by the State are enjoyed and managed in accordance with the will, that is, laws, of the State.*" The State "*looks on indifferently as one grows poor and the other rich, unruffled by this alternation. As **individuals** they are really equal before its face.*" [**Op. Cit.**, p. 115, p. 252]). As "anarcho"-capitalists consider their system to be one of rights and laws (particularly property rights), we feel that its fair to generalise Stirner's comments into capitalism **as such** as opposed to "minimum state" capitalism. If we replace

"State" by "libertarian law code" you will see what we mean. We have included this aside before any right-libertarians claim that we are misrepresenting Stirner's argument.)

If we consider "equality before the law" it is obvious that this also has limitations in an (materially) unequal society. Brian Morris notes that for Ayn Rand, "[u]nder capitalism . . . politics (state) and economics (capitalism) are separated . . . This, of course, is pure ideology, for Rand's justification of the state is that it 'protects' private property, that is, it supports and upholds the economic power of capitalists by coercive means." [**Ecology & Anarchism**, p. 189] The same can be said of "anarcho"-capitalism and its "protection agencies" and "general libertarian law code." If within a society a few own all the resources and the majority are dispossessed, then any law code which protects private property **automatically** empowers the owning class. Workers will **always** be initiating force if act against the code and so "equality before the law" reinforces inequality of power and wealth.

This means that a system of property rights protects the liberties of some people in a way which gives them an unacceptable degree of power over others. And this cannot be met merely by reaffirming the rights in question, we have to assess the relative importance of various kinds of liberty and other values we hold dear.

Therefore right-libertarian disregard for equality is important because it allows "anarcho"-capitalism to ignore many important restrictions of freedom in society. In addition, it allows them to brush over the negative effects of their system by painting an unreal picture of a

capitalist society without vast extremes of wealth and power (indeed, they often construe capitalist society in terms of an ideal -- namely artisan production -- that is really **pre-capitalist** and whose social basis has been eroded by capitalist development). Inequality shapes the decisions we have available and what ones we make -- *"An 'incentive' is always available in conditions of substantial social inequality that ensure that the 'weak' enter into a contract. When social inequality prevails, questions arises about what counts as voluntary entry into a contract . . . Men and women . . . are now juridically free and equal citizens, but, in unequal social conditions, the possibility cannot be ruled out that some or many contracts create relationships that bear uncomfortable resemblances to a slave contract."* [Carole Pateman, **The Sexual Contract**, p. 62]

This ideological confusion of right-libertarianism can also be seen from their opposition to taxation. On the one hand, they argue that taxation is wrong because it takes money from those who "earn" it and gives it to the poor. On the other hand, "free market" capitalism is assumed to be a more equal society! If taxation takes from the rich and gives to the poor, how will "anarcho"-capitalism be more egalitarian? That equalisation mechanism would be gone (of course, it could be claimed that all great riches are purely the result of state intervention skewing the "free market" but that places all their "rags to riches" stories in a strange position). Thus we have a problem, either we have relative equality or we do not. Either we have riches, and so market power, or we do not. And its clear from the likes of Rothbard, "anarcho"-capitalism will not be without its millionaires (there is, after all, apparently nothing un-libertarian about *"organisation, hierarchy, wage-work, granting of funds by libertarian*

millionaires, and a libertarian party"). And so we are left with market power and so extensive unfreedom.

Thus, for a ideology that denounces egalitarianism as a "*revolt against nature*" it is pretty funny that they paint a picture of "anarcho"-capitalism as a society of (relative) equals. In other words, their propaganda is based on something that has never existed, and never will, namely an egalitarian capitalist society.

F.3.2 BUT WHAT ABOUT "ANARCHO"-CAPITALIST SUPPORT FOR CHARITY?

Yes, while being blind to impact of inequality in terms of economic and social power and influence, most right-libertarians **do** argue that the very poor could depend on charity in their system. But such a recognition of poverty does not reflect an awareness of the need for equality or the impact of inequality on the agreements we make. Quite the reverse in fact, as the existence of extensive inequality is assumed -- after all, in a society of relative equals, poverty would not exist, nor would charity be needed.

Ignoring the fact that their ideology hardly promotes a charitable perspective, we will raise four points. Firstly, charity will not be enough to countermand the existence and impact of vast inequalities of wealth (and so power). Secondly, it will be likely that charities will be concerned with "improving" the moral quality of the poor and so will divide them into the "deserving" (i.e. obedient) and "undeserving" (i.e. rebellious) poor. Charity will be forthcoming to the former, those who

agree to busy-bodies sticking their noses into their lives. In this way charity could become another tool of economic and social power (see Oscar Wilde's **The Soul of Man Under Socialism** for more on charity). Thirdly, it is unlikely that charity will be able to replace all the social spending conducted by the state -- to do so would require a ten-fold increase in charitable donations (and given that most right-libertarians denounce the government for making them pay taxes to help the poor, it seems unlikely that they will turn round and **increase** the amount they give). And, lastly, charity is an implicate recognition that, under capitalism, no one has the right of life -- its a privilege you have to pay for. That in itself is enough to reject the charity option. And, of course, in a system designed to secure the life and liberty of each person, how can it be deemed acceptable to leave the life and protection of even one individual to the charitable whims of others? (Perhaps it will be argued that individual's have the right to life, but not a right to be a parasite. This ignores the fact some people **cannot** work -- babies and some handicapped people -- and that, in a functioning capitalist economy, many people cannot find work all the time. Is it this recognition of that babies cannot work that prompts many right-libertarians to turn them into property? Of course, rich folk who have never done a days work in their lives are never classed as parasites, even if they inherited all their money). All things considered, little wonder that Proudhon argued that:

"Even charitable institutions serve the ends of those in authority marvellously well.

"Charity is the strongest chain by which privilege and the Government, bound to protect them, holds down the

lower classes. With charity, sweeter to the heart of men, more intelligible to the poor man than the abstruse laws of Political Economy, one may dispense with justice."
[**The General Idea of the Revolution**, pp. 69-70]

As noted, the right-libertarian (passing) acknowledgement of poverty does not mean that they recognise the existence of market power. They never ask themselves how can someone be free if their social situation is such that they are drowning in a sea of usury and have to sell their labour (and so liberty) to survive.

F.4 WHAT IS THE RIGHT-LIBERTARIAN POSITION ON PRIVATE PROPERTY?

Right libertarians are not interested in eliminating capitalist private property and thus the authority, oppression and exploitation which goes with it. It is true that they call for an end to the state, but this is not because they are concerned about workers being exploited or oppressed but because they don't want the state to impede capitalists' "freedom" to exploit and oppress workers even more than is the case now!

They make an idol of private property and claim to defend absolute, "unrestricted" property rights (i.e. that property owners can do anything they like with their property, as long as it does not damage the property of others. In particular, taxation and theft are among the greatest evils possible as they involve coercion against "justly held" property). They agree with John Adams that *"[t]he moment that idea is admitted into society that property is not as sacred as the Laws of God, and that there is not a force of law and public justice to protect it, anarchy and tyranny commence. Property must be sacred or liberty cannot exist."*

But in their celebration of property as the source of liberty they ignore the fact that private property is a source of "tyranny" in itself (see sections [B.1](#) and [B.4](#), for example -- and please note that anarchists only object to private property, **not** individual possession, see section [B.3.1](#)). However, as much anarchists may disagree about other matters, they are united in condemning private property. Thus Proudhon argued that property was *"theft"* and *"despotism"* while Stirner

indicated the religious and statist nature of private property and its impact on individual liberty when he wrote :

*"Property in the civic sense means **sacred** property, such that I must **respect** your property... Be it ever so little, if one only has somewhat of his own - to wit, a **respected** property: The more such owners... the more 'free people and good patriots' has the State.*

*"Political liberalism, like everything religious, counts on **respect**, humaneness, the virtues of love. . . . For in practice people respect nothing, and everyday the small possessions are bought up again by greater proprietors, and the 'free people' change into day labourers." [The Ego and Its Own, p. 248]*

Thus "anarcho"-capitalists reject totally one of the common (and so defining) features of all anarchist traditions -- the opposition to capitalist property. From Individualist Anarchists like Tucker to Communist-Anarchists like Bookchin, anarchists have been opposed to what Godwin termed "*accumulated property*." This was because it was in "*direct contradiction*" to property in the form of "*the produce of his [the worker's] own industry*" and so it allows "*one man. . . [to] dispos[e] of the produce of another man's industry.*" [**The Anarchist Reader**, pp. 129-131] Thus, for anarchists, capitalist property is a source exploitation and domination, **not** freedom (it undermines the freedom associated with possession by created relations of domination between owner and employee).

Hardly surprising then the fact that, according to Murray Bookchin, Murray Rothbard "*attacked me [Bookchin] as*

an anarchist with vigour because, as he put it, I am opposed to private property." [**The Raven**, no. 29, p. 343]

We will discuss Rothbard's "homesteading" justification of property in the [next section](#). However, we will note here one aspect of right-libertarian defence of "unrestricted" property rights, namely that it easily generates evil side effects such as hierarchy and starvation. As famine expert Amartya Sen notes:

"Take a theory of entitlements based on a set of rights of 'ownership, transfer and rectification.' In this system a set of holdings of different people are judged to be just (or unjust) by looking at past history, and not by checking the consequences of that set of holdings. But what if the consequences are recognisably terrible? . . . [R]efer[ing] to some empirical findings in a work on famines . . . evidence [is presented] to indicate that in many large famines in the recent past, in which millions of people have died, there was no over-all decline in food availability at all, and the famines occurred precisely because of shifts in entitlement resulting from exercises of rights that are perfectly legitimate. . . . [Can] famines . . . occur with a system of rights of the kind morally defended in various ethical theories, including Nozick's. I believe the answer is straightforwardly yes, since for many people the only resource that they legitimately possess, viz. their labour-power, may well turn out to be unsaleable in the market, giving the person no command over food . . . [i]f results such as starvations and famines were to occur, would the distribution of holdings still be morally acceptable despite their disastrous consequences? There is

something deeply implausible in the affirmative answer."
[Resources, Values and Development, pp. 311-2]

Thus "unrestricted" property rights can have seriously bad consequences and so the existence of "justly held" property need not imply a just or free society -- far from it. The inequalities property can generate can have a serious on individual freedom (see section [F.3.1](#)). Indeed, Murray Rothbard argued that the state was evil not because it restricted individual freedom but because the resources it claimed to own were not "justly" acquired. Thus right-libertarian theory judges property **not** on its impact on current freedom but by looking at past history. This has the interesting side effect of allowing its supporters to look at capitalist and statist hierarchies, acknowledge their similar negative effects on the liberty of those subjected to them but argue that one is legitimate and the other is not simply because of their history! As if this changed the domination and unfreedom that both inflict on people living today (see section [F.2.3](#) for further discussion and sections [F.2.8](#) and [F.4.2](#) for other examples of "justly acquired" property producing terrible consequences).

The defence of capitalist property does have one interesting side effect, namely the need arises to defend inequality and the authoritarian relationships inequality creates. In order to protect the private property needed by capitalists in order to continue exploiting the working class, "anarcho"-capitalists propose private security forces rather than state security forces (police and military) -- a proposal that is equivalent to bringing back the state under another name.

Due to (capitalist) private property, wage labour would still exist under "anarcho"-capitalism (it is capitalism after all). This means that "defensive" force, a state, is required to "defend" exploitation, oppression, hierarchy and authority from those who suffer them. Inequality makes a mockery of free agreement and "consent" (see section [F.3.1](#)). As Peter Kropotkin pointed out long ago:

"When a workman sells his labour to an employer . . . it is a mockery to call that a free contract. Modern economists may call it free, but the father of political economy -- Adam Smith -- was never guilty of such a misrepresentation. As long as three-quarters of humanity are compelled to enter into agreements of that description, force is, of course, necessary, both to enforce the supposed agreements and to maintain such a state of things. Force -- and a good deal of force -- is necessary to prevent the labourers from taking possession of what they consider unjustly appropriated by the few. . . . The Spencerian party [proto-right-libertarians] perfectly well understand that; and while they advocate no force for changing the existing conditions, they advocate still more force than is now used for maintaining them. As to Anarchy, it is obviously as incompatible with plutocracy as with any other kind of -cracy." [Anarchism and Anarchist Communism, pp. 52-53]

Because of this need to defend privilege and power, "anarcho"-capitalism is best called "private-state" capitalism. This will be discussed in more detail in section [F.6](#).

By advocating private property, right libertarians contradict many of their other claims. For example, they

say that they support the right of individuals to travel where they like. They make this claim because they assume that only the state limits free travel. But this is a false assumption. Owners must agree to let you on their land or property (*"people only have the right to move to those properties and lands where the owners desire to rent or sell to them."*) [Murray Rothbard, **The Ethics of Liberty**, p. 119]. There is no "freedom of travel" onto private property (including private roads). Therefore immigration may be just as hard under "anarcho"-capitalism as it is under statism (after all, the state, like the property owner, only lets people in whom it wants to let in). People will still have to get another property owner to agree to let them in before they can travel -- exactly as now (and, of course, they also have to get the owners of the road to let them in as well). Private property, as can be seen from this simple example, is the state writ small.

One last point, this ignoring of ("politically incorrect") economic and other views of dead political thinkers and activists while claiming them as "libertarians" seems to be commonplace in right-Libertarian circles. For example, Aristotle (beloved by Ayn Rand) *"thought that only living things could bear fruit. Money, not a living thing, was by its nature barren, and any attempt to make it bear fruit (tokos, in Greek, the same word used for interest) was a crime against nature."* [Marcello de Cecco, quoted by Doug Henwood, **Wall Street**, p. 41] Such opposition to interest hardly fits well into capitalism, and so either goes unmentioned or gets classed as an "error" (although we could ask why Aristotle is in error while Rand is not). Similarly, individualist anarchist opposition to capitalist property and rent, interest and profits is ignored or dismissed as

"bad economics" without realising that these ideas played a key role in their politics and in ensuring that an anarchy would not see freedom corrupted by inequality. To ignore such an important concept in a person's ideas is to distort the remainder into something it is not.

F.4.1 WHAT IS WRONG WITH A "HOMESTEADING" THEORY OF PROPERTY?

So how do "anarcho"-capitalists justify property? Looking at Murray Rothbard, we find that he proposes a *"homesteading theory of property"*. In this theory it is argued that property comes from occupancy and mixing labour with natural resources (which are assumed to be unowned). Thus the world is transformed into private property, for *"title to an unowned resource (such as land) comes properly only from the expenditure of labour to transform that resource into use."* [**The Ethics of Liberty**, p. 63]

Rothbard paints a conceptual history of individuals and families forging a home in the wilderness by the sweat of their labour (its tempting to rename his theory the *"immaculate conception of property"* as his conceptual theory is somewhat at odds with actual historical fact).

Sadly for Murray Rothbard, his "homesteading" theory was refuted by Proudhon in **What is Property?** in 1840 (along with many other justifications of property). Proudhon rightly argues that *"if the liberty of man is sacred, it is equally sacred in all individuals; that, if it needs property for its objective action, that is, for its life, the appropriation of material is equally necessary for all*

. . . Does it not follow that if one individual cannot prevent another . . . from appropriating an amount of material equal to his own, no more can he prevent individuals to come." And if all the available resources are appropriated, and the owner "draws boundaries, fences himself in . . . Here, then, is a piece of land upon which, henceforth, no one has a right to step, save the proprietor and his friends . . . Let [this]. . . multiply, and soon the people . . . will have nowhere to rest, no place to shelter, no ground to till. They will die at the proprietor's door, on the edge of that property which was their birthright." [**What is Property?**, pp. 84-85, p. 118]

As Rothbard himself noted in respect to the aftermath of slavery (see section [F.2.2](#)), not having access to the means of life places one the position of unjust dependency on those who do. Rothbard's theory fails because for "[w]e who belong to the *proletaire class*, *property excommunicates us!*" [P-J Proudhon, **Op. Cit.**, p. 105] and so the vast majority of the population experience property as theft and despotism rather than as a source of liberty and empowerment (which possession gives). Thus, Rothbard's account fails to take into account the Lockean Proviso (see section [B.3.4](#)) and so, for all its intuitive appeal, ends up justifying capitalist and landlord domination (see [next section](#) on why the Lockean Proviso is important).

It also seems strange that while (correctly) attacking social contract theories of the state as invalid (because "*no past generation can bind later generations*" [**Op. Cit.**, p. 145]) he fails to see he is doing **exactly that** with his support of private property (similarly, Ayn Rand argued that "[a]ny alleged 'right' of one man, which

necessitates the violation of the right of another, is not and cannot be a right" [**Capitalism: The Unknown Ideal**, p. 325] but obviously appropriating land does violate the rights of others to walk, use or appropriate that land). Due to his support for appropriation and inheritance, he is clearly ensuring that future generations are **not** born as free as the first settlers were (after all, they cannot appropriate any land, it is all taken!). If future generations cannot be bound by past ones, this applies equally to resources and property rights. Something anarchists have long realised -- there is no defensible reason why those who first acquired property should control its use by future generations.

However, if we take Rothbard's theory at face value we find numerous problems with it. If title to unowned resources comes via the "*expenditure of labour*" on it, how can rivers, lakes and the oceans be appropriated? The banks of the rivers can be transformed, but can the river itself? How can you mix your labour with water? "Anarcho"-capitalists usually blame pollution on the fact that rivers, oceans, and so forth are unowned, but how can an individual "transform" water by their labour? Also, does fencing in land mean you have "mixed labour" with it? If so then transnational corporations can pay workers to fence in vast tracks of virgin land (such as rainforest) and so come to "own" it. Rothbard argues that this is not the case (he expresses opposition to "*arbitrary claims*"). He notes that it is **not** the case that "*the first discoverer . . . could properly lay claim to [a piece of land] . . . [by] laying out a boundary for the area. He thinks that*" their claim would still be no more than the boundary **itself**, and not to any of the land within, for only the boundary will have been transformed and used by men" [**Op. Cit.**, p. 50f]

However, if the boundary **is** private property and the owner refuses others permission to cross it, then the enclosed land is inaccessible to others! If an "enterprising" right-libertarian builds a fence around the only oasis in a desert and refuses permission to cross it to travellers unless they pay his price (which is everything they own) then the person **has** appropriated the oasis without "transforming" it by his labour. The travellers have the choice of paying the price or dying (and the oasis owner is well within his rights letting them die). Given Rothbard's comments, it is probable that he will claim that such a boundary is null and void as it allows "arbitrary" claims -- although this position is not at all clear. After all, the fence builder **has** transformed the boundary and "unrestricted" property rights is what right-libertarianism is all about.

And, of course, Rothbard ignores the fact of economic power -- a transnational corporation can "transform" far more virgin resources in a day than a family could in a year. Transnational's "mixing their labour" with the land does not spring into mind reading Rothbard's account of property growth, but in the real world that is what will happen.

If we take the question of wilderness (a topic close to many eco-anarchists' and deep ecologists' hearts) we run into similar problems. Rothbard states clearly that *"libertarian theory must invalidate [any] claim to ownership"* of land that has *"never been transformed from its natural state"* (he presents an example of an owner who has left a piece of his *"legally owned"* land untouched). If another person appears who **does** transform the land, it becomes *"justly owned by another"* and the original owner cannot stop her (and should the

original owner *"use violence to prevent another settler from entering this never-used land and transforming it into use"* they also become a *"criminal aggressor"*). Rothbard also stresses that he is **not** saying that land must continually be in use to be valid property [**Op. Cit.**, pp. 63-64] (after all, that would justify landless workers seizing the land from landowners during a depression and working it themselves).

Now, where does that leave wilderness? In response to ecologists who oppose the destruction of the rainforest, "anarcho"-capitalists suggest that they put their money where their mouth is and **buy** rainforest land. In this way, it is claimed, rainforest will be protected (see section [B.5](#) for why such arguments are nonsense). As ecologists desire the rainforest **because it is wilderness** they are unlikely to "transform" it by human labour (its precisely that they want to stop). From Rothbard's arguments it is fair to ask whether logging companies have a right to "transform" the virgin wilderness owned by ecologists, after all it meets Rothbard's criteria (it is still wilderness). Perhaps it will be claimed that fencing off land "transforms" it (hardly what you imagine "mixing labour" with to mean, but nevermind) -- but that allows large companies and rich individuals to hire workers to fence in vast tracks of land (and recreate the land monopoly by a "libertarian" route). But as we noted above, fencing off land does not seem to imply that it becomes property in Rothbard's theory. And, of course, fencing in areas of rainforest disrupts the local ecosystem -- animals cannot freely travel, for example -- which, again, is what ecologists desire to stop. Would Rothbard accept a piece of paper as "transforming" land? We doubt it (after all, in his example the wilderness owner **did** legally own it) -- and so most ecologists will

have a hard time in "anarcho"-capitalism (wilderness is just not an option).

As an aside, we must note that Rothbard fails to realise -- and this comes from his worship of the market and his "Austrian economics" -- is that people value many things which do not appear on the market. He claims that wilderness is "*valueless unused natural objects*" (for it people valued them, they would use -- i.e. appropriate -- them). But unused things may be of **considerable** value to people, wilderness being a classic example. And if something **cannot** be transformed into private property, does that mean people do not value it? For example, people value community, stress free working environments, meaningful work -- if the market cannot provide these, does that mean they do not value them? Of course not (see Juliet Schor's **The Overworked American** on how working people's desire for shorter working hours was not transformed into options on the market).

Moreover, Rothbard's "homesteading" theory actually violates his support for unrestricted property rights. What if a property owner **wants** part of her land to remain wilderness? Their desires are violated by the "homesteading" theory (unless, of course, fencing things off equals "transforming" them, which it apparently does not). How can companies provide wilderness holidays to people if they have no right to stop settlers (including large companies) "homesteading" that wilderness? And, of course, where does Rothbard's theory leave hunter-gather or nomad societies. They **use** the resources of the wilderness, but they do not "transform" them (in this case you cannot easily tell if virgin land is empty or being used as a resource). If a troop of nomads find its

traditionally used, but natural, oasis appropriated by a homesteader what are they to do? If they ignore the homesteaders claims he can call upon his "defence" firm to stop them -- and then, in true Rothbardian fashion, the homesteader can refuse to supply water to them unless they hand over all their possessions (see section [F.4.2](#) on this). And if the history of the United States (which is obviously the model for Rothbard's theory) is anything to go by, such people will become "criminal aggressors" and removed from the picture.

Which is another problem with Rothbard's account. It is completely ahistoric (and so, as we noted above, is more like an *"immaculate conception of property"*). He has transported "capitalist man" into the dawn of time and constructed a history of property based upon what he is trying to justify (not surprising, as he does this with his "Natural Law" theory too - see section [F.7](#)). What is interesting to note, though, is that the **actual** experience of life on the US frontier (the historic example Rothbard seems to want to claim) was far from the individualistic framework he builds upon it and (ironically enough) it was destroyed by the development of capitalism.

As Murray Bookchin notes, *"the independence that the New England yeomanry enjoyed was itself a function of the co-operative social base from which it emerged. To barter home-grown goods and objects, to share tools and implements, to engage in common labour during harvesting time in a system of mutual aid, indeed, to help new-comers in barn-raising, corn-husking, log-rolling, and the like, was the indispensable cement that bound scattered farmsteads into a united community."* [**The Third Revolution**, vol. 1, p. 233] Bookchin quotes David P. Szatmary (author of a book on Shay' Rebellion)

stating that it was a society based upon "*co-operative, community orientated interchanges*" and not a "*basically competitive society*." [Ibid.]

Into this non-capitalist society came capitalist elements. Market forces and economic power soon resulted in the transformation of this society. Merchants asked for payment in specie which (and along with taxes) soon resulted in indebtedness and the dispossession of the homesteaders from their land and goods. In response Shay's rebellion started, a rebellion which was an important factor in the centralisation of state power in America to ensure that popular input and control over government were marginalised and that the wealthy elite and their property rights were protected against the many (see Bookchin, **Op. Cit.**, for details). Thus the homestead system was undermined, essentially, by the need to pay for services in specie (as demanded by merchants).

So while Rothbard's theory as a certain appeal (reinforced by watching too many Westerns, we imagine) it fails to justify the "unrestricted" property rights theory (and the theory of freedom Rothbard derives from it). All it does is to end up justifying capitalist and landlord domination (which is probably what it was intended to do).

F.4.2 WHY IS THE "LOCKEAN PROVISO" IMPORTANT?

Robert Nozick, in his work **Anarchy, State, and Utopia** presented a case for private property rights that was based on what he termed the "*Lockean Proviso*" --

namely that common (or unowned) land and resources could be appropriated by individuals as long as the position of others is not worsened by so doing. However, if we **do** take this Proviso seriously private property rights cannot be defined (see section [B.3.4](#) for details). Thus Nozick's arguments in favour of property rights fail.

Some right-libertarians, particularly those associated with the Austrian school of economics argue that we must reject the Lockean Proviso (probably due to the fact it can be used to undermine the case for absolute property rights). Their argument goes as follows: if an individual appropriates and uses a previously unused resource, it is because it has value to him/her, as an individual, to engage in such action. The individual has stolen nothing because it was previously unowned and we cannot know if other people are better or worse off, all we know is that, for whatever reason, they did not appropriate the resource (*"If latecomers are worse off, well then that is their proper assumption of risk in this free and uncertain world. There is no longer a vast frontier in the United States, and there is no point crying over the fact."* [Murray Rothbard, **The Ethics of Liberty**, p. 240]).

Hence the appropriation of resources is an essentially individualistic, asocial act -- the requirements of others are either irrelevant or unknown. However, such an argument fails to take into account **why** the Lockean Proviso has such an appeal. When we do this we see that rejecting it leads to massive injustice, even slavery.

However, let us start with a defence of rejecting the Proviso from a leading Austrian economist:

*"Consider . . . the case . . . of the unheld sole water hole in the desert (which **everyone** in a group of travellers knows about), which one of the travellers, by racing ahead of the others, succeeds in appropriating . . . [This] clearly and unjustly violates the Lockean proviso. . . For use, however, this view is by no means the only one possible. We notice that the energetic traveller who appropriated all the water was not doing anything which (always ignoring, of course, prohibitions resting on the Lockean proviso itself) the other travellers were not equally free to do. The other travellers, too, could have raced ahead . . . [they] did **not** bother to race for the water . . . It does not seem obvious that these other travellers can claim that they were **hurt** by an action which they could themselves have easily taken" [Israel M. Kirzner, "Entrepreneurship, Entitlement, and Economic Justice", pp. 385-413, in **Reading Nozick**, p. 406]*

Murray Rothbard, we should note, takes a similar position in a similar example, arguing that *"the owner [of the sole oasis] is scarcely being 'coercive'; in fact he is supplying a vital service, and should have the right to refuse a sale or charge whatever the customers will pay. The situation may be unfortunate for the customers, as are many situations in life."* [**The Ethics of Liberty**, p. 221] (Rothbard, we should note, is relying to the right-libertarian von Hayek who -- to his credit -- does maintain that this is a coercive situation; but as others, including other right-libertarians, point out, he has to change his definition of coercion/freedom to do so -- see Stephan L. Newman's **Liberalism at Wit's End**, pp. 130-134 for an excellent summary of this debate).

Now, we could be tempted just to rant about the evils of the right libertarian mind-frame but we will try to present a clam analysis of this position. Now, what Kirzner (and Rothbard et al) fails to note is that without the water the other travellers will die in a matter of days. The monopolist has the power of life and death over his fellow travellers. Perhaps he hates one of them and so raced ahead to ensure their death. Perhaps he just recognised the vast power that his appropriation would give him and so, correctly, sees that the other travellers would give up all their possessions and property to him in return for enough water to survive.

Either way, its clear that perhaps the other travellers did not *"race ahead"* because they were ethical people -- they would not desire to inflict such tyranny on others because they would not like it inflicted upon them.

Thus we can answer Kirzner's question -- *"What . . . is so obviously acceptable about the Lockean proviso. . . ?"* [Ibid.]

It is the means by which human actions are held accountable to social standards and ethics. It is the means by which the greediest, most evil and debased humans are stopped from dragging the rest of humanity down to their level (via a "race to the bottom") and inflicting untold tyranny and domination on their fellow humans. An ideology that could consider the oppression which could result from such an appropriation as "supplying a vital service" and any act to remove this tyranny as "coercion" is obviously a very sick ideology. And we may note that the right-libertarian position on this example is a good illustration of the dangers of deductive logic from assumptions (see section [F.1.3](#) for

more on this right-libertarian methodology) -- after all W. Duncan Reekie, in his introduction to *Austrian Economics*, states that "[t]o be intellectually consistent one must concede his absolute right to the oasis." [Markets, Entrepreneurs and Liberty, p. 181] To place ideology before people is to ensure humanity is placed on a Procrustean bed.

Which brings us to another point. Often right-libertarians say that anarchists and other socialists are "lazy" or "do not want to work". You could interpret Kirzner's example as saying that the other travellers are "lazy" for not rushing ahead and appropriating the oasis. But this is false. For under capitalism you can only get rich by exploiting the labour of others via wage slavery or, within a company, get better pay by taking "positions of responsibility" (i.e. management positions). If you have an ethical objection to treating others as objects ("means to an end") then these options are unavailable to you. Thus anarchists and other socialists are not "lazy" because they are not rich -- they just have no desire to get rich off the labour and liberty of others (as expressed in their opposition to private property and the relations of domination it creates). In other words, Anarchism is not the "politics of envy"; it is the politics of liberty and the desire to treat others as "ends in themselves".

Rothbard is aware of what is involved in accepting the Lockean Proviso -- namely the existence of private property ("*Locke's proviso may lead to the outlawry of all private property of land, since one can always say that the reduction of available land leaves everyone else . . . worse off*", **The Ethics of Liberty**, p. 240 -- see section [B.3.4](#) for a discussion on why the Proviso **does** imply the end of capitalist property rights). Which is

why he, and other right-libertarians, reject it. Its simple. Either you reject the Proviso and embrace capitalist property rights (and so allow one class of people to be dispossessed and another empowered at their expense) or you reject private property in favour of possession and liberty. Anarchists, obviously, favour the latter option.

As an aside, we should point out that (following Stirner) the would-be monopolist is doing nothing wrong (as such) in attempting to monopolise the oasis. He is, after all, following his self-interest. However, what is objectionable is the right-libertarian attempt to turn thus act into a "right" which must be respected by the other travellers. Simply put, if the other travellers gang up and dispose of this would be tyrant then they are right to do so -- to argue that this is a violation of the monopolists "rights" is insane and an indication of a slave mentality (or, following Rousseau, that the others are "*simple*"). Of course, if the would-be monopolist has the necessary **force** to withstand the other travellers then his property then the matter is closed -- might makes right. But to worship rights, even when they obviously result in despotism, is definitely a case of "*spooks in the head*" and "man is created for the Sabbath" not "the Sabbath is created for man."

F.4.3 HOW DOES PRIVATE PROPERTY EFFECT INDIVIDUALISM?

Private property is usually associated by "anarcho"-capitalism with individualism. Usually private property is seen as the key way of ensuring individualism and individual freedom (and that private property is the

expression of individualism). Therefore it is useful to indicate how private property can have a serious impact on individualism.

Usually right-libertarians contrast the joys of "individualism" with the evils of "collectivism" in which the individual is sub-merged into the group or collective and is made to work for the benefit of the group (see any Ayn Rand book or essay on the evils of collectivism).

But what is ironic is that right-libertarian ideology creates a view of industry which would (perhaps) shame even the most die-hard fan of Stalin. What do we mean? Simply that right-libertarians stress the abilities of the people at the top of the company, the owner, the entrepreneur, and tend to ignore the very real subordination of those lower down the hierarchy (see, again, any Ayn Rand book on the worship of business leaders). In the Austrian school of economics, for example, the entrepreneur is considered the driving force of the market process and tend to abstract away from the organisations they govern. This approach is usually followed by right-libertarians. Often you get the impression that the accomplishments of a firm are the personal triumphs of the capitalists, as though their subordinates are merely tools not unlike the machines on which they labour.

We should not, of course, interpret this to mean that right-libertarians believe that entrepreneurs run their companies single-handedly (although you do get that impression sometimes!). But these abstractions help hide the fact that the economy is overwhelmingly interdependent and organised hierarchically within industry. Even in their primary role as organisers,

entrepreneurs depend on the group. A company president can only issue general guidelines to his managers, who must inevitably organise and direct much of their departments on their own. The larger a company gets, the less personal and direct control an entrepreneur has over it. They must delegate out an increasing share of authority and responsibility, and is more dependent than ever on others to help him run things, investigate conditions, inform policy, and make recommendations. Moreover, the authority structures are from the "top-down" -- indeed the firm is essentially a command economy, with all members part of a collective working on a common plan to achieve a common goal (i.e. it is essentially collectivist in nature -- which means it is not too unsurprising that Lenin argued that state socialism could be considered as one big firm or office and why the system he built on that model was so horrific).

So the firm (the key component of the capitalist economy) is marked by a distinct **lack** of individualism, a lack usually ignored by right libertarians (or, at best, considered as "unavoidable"). As these firms are hierarchical structures and workers are paid to obey, it does make **some** sense -- in a capitalist environment -- to assume that the entrepreneur is the main actor, but as an individualistic model of activity it fails totally. Perhaps it would not be unfair to say that capitalist individualism celebrates the entrepreneur because this reflects a hierarchical system in which for the one to flourish, the many must obey? (Also see section [F.1.1](#)).

Capitalist individualism does not recognise the power structures that exist within capitalism and how they affect individuals. In Brian Morris' words, what they fail *"to recognise is that most productive relations under*

capitalism allow little scope for creativity and self-expression on the part of workers; that such relationships are not equitable; nor are they freely engaged in for the mutual benefit of both parties, for workers have no control over the production process or over the product of their labour. Rand [like other right-libertarians] misleadingly equates trade, artistic production and wage-slavery. . . [but] wage-slavery . . . is quite different from the trade principle" as it is a form of "exploitation." [Ecology & Anarchism, p. 190]

He further notes that "[s]o called trade relations involving human labour are contrary to the egoist values Rand [and other capitalist individualists] espouses - they involve little in the way of independence, freedom, integrity or justice." [Ibid., p. 191]

Moreover, capitalist individualism actually **supports** authority and hierarchy. As Joshua Chen and Joel Rogers point out, the *"achievement of short-run material satisfaction often makes it irrational [from an individualist perspective] to engage in more radical struggle, since that struggle is by definition against those institutions which provide one's current gain."* In other words, to rise up the company structure, to "better oneself," (or even get a good reference) you cannot be a pain in the side of management -- obedient workers do well, rebel workers do not.

Thus the hierarchical structures help develop an "individualistic" perspective which actually reinforces those authority structures. This, as Cohn and Rogers notes, means that *"the structure in which [workers] find themselves yields less than optimal social results from*

their isolated but economically rational decisions."
[quoted by Alfie Kohn, **No Contest**, p. 67, p. 260f]

Steve Biko, a black activist murdered by the South African police in the 1970s, argued that *"the most potent weapon of the oppressor is the mind of the oppressed."* And this is something capitalists have long recognised. Their investment in "Public Relations" and "education" programmes for their employees shows this clearly, as does the hierarchical nature of the firm. By having a ladder to climb, the firm rewards obedience and penalises rebellion. This aims at creating a mind-set which views hierarchy as good and so helps produce servile people.

This is why anarchists would agree with Alfie Kohn when he argues that *"the individualist worldview is a profoundly conservative doctrine: it inherently stifles change."* [**Ibid.**, p. 67] So, what is the best way for a boss to maintain his or her power? Create a hierarchical workplace and encourage capitalist individualism (as capitalist individualism actually works **against** attempts to increase freedom from hierarchy). Needless to say, such a technique cannot work forever -- hierarchy also encourages revolt -- but such divide and conquer can be **very** effective.

And as anarchist author Michael Moorcock put it, *"Rugged individualism also goes hand in hand with a strong faith in paternalism -- albeit a tolerant and somewhat distant paternalism -- and many otherwise sharp-witted libertarians seem to see nothing in the morality of a John Wayne Western to conflict with their views. Heinlein's paternalism is at heart the same as Wayne's. . . To be an anarchist, surely, is to reject*

authority but to accept self-discipline and community responsibility. To be a rugged individualist a la Heinlein and others is to be forever a child who must obey, charm and cajole to be tolerated by some benign, omniscient father: Rooster Coburn shuffling his feet in front of a judge he respects for his office (but not necessarily himself) in True Grit." [Starship Stormtroopers]

One last thing, don't be fooled into thinking that individualism or concern about individuality -- not **quite** the same thing -- is restricted to the right, they are not. For example, the *"individualist theory of society . . . might be advanced in a capitalist or in an anti-capitalist form . . . the theory as developed by critics of capitalism such as Hodgskin and the anarchist Tucker saw ownership of capital by a few as an obstacle to genuine individualism, and the individualist ideal was realisable only through the free association of labourers (Hodgskin) or independent proprietorship (Tucker)."* [David Miller, **Social Justice**, pp. 290-1]

And the reason why social anarchists oppose capitalism is that it creates a **false** individualism, an abstract one which crushes the individuality of the many and justifies (and supports) hierarchical and authoritarian social relations. In Kropotkin's words, *"what has been called 'individualism' up to now has been only a foolish egoism which belittles the individual. It did not led to what it was established as a goal: that is the complete, broad, and most perfectly attainable development of individuality."* The new individualism desired by Kropotkin *"will not consist . . . in the oppression of one's neighbour . . . [as this] reduced the [individualist] . . . to the level of an animal in a herd."* [Selected Writings, p, 295, p. 296]

F.4.4 HOW DOES PRIVATE PROPERTY AFFECT RELATIONSHIPS?

Obviously, capitalist private property affects relationships between people by creating structures of power. Property, as we have argued all through this FAQ, creates relationships based upon domination -- and this cannot help but produce servile tendencies within those subject to them (it also produces rebellious tendencies as well, the actual ratio between the two tendencies dependent on the individual in question and the community they are in). As anarchists have long recognised, power corrupts -- both those subjected to it and those who exercise it.

While few, if any, anarchists would fail to recognise the importance of possession -- which creates the necessary space all individuals need to be themselves -- they all agree that private property corrupts this liberatory aspect of "property" by allowing relationships of domination and oppression to be built up on top of it. Because of this recognition, all anarchists have tried to equalise property and turn it back into possession.

Also, capitalist individualism actively builds barriers between people. Under capitalism, money rules and individuality is expressed via consumption choices (i.e. money). But money does not encourage an empathy with others. As Frank Stronach (chair of Magna International, a Canadian auto-parts maker that shifted its production to Mexico) put it, *"[t]o be in business your first mandate is to make money, and money has no heart, no soul, conscience, homeland."* [cited by Doug Henwood, **Wall**

Street, p. 113] And for those who study economics, it seems that this dehumanising effect also strikes them as well:

"Studying economics also seems to make you a nastier person. Psychological studies have shown that economics graduate students are more likely to 'free ride' -- shirk contributions to an experimental 'public goods' account in the pursuit of higher private returns -- than the general public. Economists also are less generous than other academics in charitable giving. Undergraduate economics majors are more likely to defect in the classic prisoner's dilemma game than other majors. And on other tests, students grow less honest -- expressing less of a tendency, for example, to return found money -- after studying economics, but not studying a control subject like astronomy.

"This is no surprise, really. Mainstream economics is built entirely on a notion of self-interested individuals, rational self-maximisers who can order their wants and spend accordingly. There's little room for sentiment, uncertainty, selflessness, and social institutions. Whether this is an accurate picture of the average human is open to question, but there's no question that capitalism as a system and economics as a discipline both reward people who conform to the model." [Doug Henwood, **Op. Cit.**, p, 143]

Which, of course, highlights the problems within the "trader" model advocated by Ayn Rand. According to her, the trader is **the** example of moral behaviour -- you have something I want, I have something you want, we trade and we both benefit and so our activity is self-interested and no-one sacrifices themselves for another.

While this has **some** intuitive appeal it fails to note that in the real world it is a pure fantasy. The trader wants to get the best deal possible for themselves and if the bargaining positions are unequal then one person will gain at the expense of the other (if the "commodity" being traded is labour, the seller may not even have the option of not trading at all). The trader is only involved in economic exchange, and has no concern for the welfare of the person they are trading with. They are a bearer of things, **not** an individual with a wide range of interests, concerns, hopes and dreams. These are irrelevant, unless you can make money out of them of course! Thus the trader is often a manipulator and outside novels it most definitely is a case of "buyer beware!"

If the trader model is taken as the basis of interpersonal relationships, economic gain replaces respect and empathy for others. It replaces human relationships with relationships based on things -- and such a mentality does not encompass how interpersonal relationships affect both you and the society you live in. In the end, it impoverishes society and individuality. Yes, any relationship must be based upon self-interest (mutual aid is, after all, something we do because we benefit from it in some way) but the trader model presents such a **narrow** self-interest that it is useless and actively impoverishes the very things it should be protecting -- individuality and interpersonal relationships (see [section I.7.4](#) on how capitalism does not protect individuality).

F.4.5 DOES PRIVATE PROPERTY CO-ORDINATE WITHOUT HIERARCHY?

It is usually to find right-libertarians maintain that private property (i.e. capitalism) allows economic activity to be co-ordinated by non-hierarchical means. In other words, they maintain that capitalism is a system of large scale co-ordination without hierarchy. These claims follow the argument of noted right-wing, "free market" economist Milton Friedman who contrasts *"central planning involving the use of coercion - the technique of the army or the modern totalitarian state"* with *"voluntary co-operation between individuals - the technique of the marketplace"* as two distinct ways of co-ordinating the economic activity of large groups ("millions") of people. [**Capitalism and Freedom**, p. 13].

However, this is just playing with words. As they themselves point out the internal structure of a corporation or capitalist company is **not** a "market" (i.e. non-hierarchical) structure, it is a "non-market" (hierarchical) structure of a market participant (see section [F.2.2](#)). However "market participants" are part of the market. In other words, capitalism is **not** a system of co-ordination without hierarchy because it does contain hierarchical organisations which **are an essential part of the system!**

Indeed, the capitalist company **is** a form of central planning and shares the same "technique" as the army. As the pro-capitalist writer Peter Drucker noted in his history of General Motors, *"[t]here is a remarkably close parallel between General Motors' scheme of organisation and those of the two institutions most*

renowned for administrative efficiency: that of the Catholic Church and that of the modern army . . ." [quoted by David Enger, **Apostles of Greed**, p. 66]. And so capitalism is marked by a series of totalitarian organisations -- and since when was totalitarianism liberty enhancing? Indeed, many "anarcho"-capitalists actually celebrate the command economy of the capitalist firm as being more "efficient" than self-managed firms (usually because democracy stops action with debate). The same argument is applied by the Fascists to the political sphere. It does not change much - - nor does it become less fascistic -- when applied to economic structures. To state the obvious, such glorification of workplace dictatorship seems somewhat at odds with an ideology calling itself "libertarian" or "anarchist". Is dictatorship more liberty enhancing to those subject to it than democracy? Anarchists doubt it (see section [A.2.11](#) for details).

In order to claim that capitalism co-ordinates individual activity without hierarchy right-libertarians have to abstract from individuals and how they interact **within** companies and concentrate purely on relationships **between** companies. This is pure sophistry. Like markets, companies require at least two or more people to work - both are forms of social co-operation. If co-ordination within companies is hierarchical, then the system they work within is based upon hierarchy. To claim that capitalism co-ordinates without hierarchy is simply false - its based on hierarchy and authoritarianism. Capitalist companies are based upon denying workers self-government (i.e. freedom) during work hours. The boss tells workers what to do, when to do, how to do and for how long. This denial of freedom is discussed in greater depth in sections [B.1](#) and [B.4](#).

Because of the relations of power it creates, opposition to capitalist private property (and so wage labour) and the desire to see it ended is an essential aspect of anarchist theory. Due to its ideological blind spot with regards to apparently "voluntary" relations of domination and oppression created by the force of circumstances (see section [F.2](#) for details), "anarcho"-capitalism considers wage labour as a form of freedom and ignore its fascistic aspects (when not celebrating those aspects). Thus "anarcho"-capitalism is not anarchist. By concentrating on the moment the contract is signed, they ignore that freedom is restricted during the contract itself. While denouncing (correctly) the totalitarianism of the army, they ignore it in the workplace. But factory fascism is just as freedom destroying as the army or political fascism.

Due to this basic lack of concern for freedom, "anarcho"-capitalists cannot be considered as anarchists. Their total lack of concern about factory fascism (i.e. wage labour) places them totally outside the anarchist tradition. Real anarchists have always been aware of that private property and wage labour restriction freedom and desired to create a society in which people would be able to avoid it. In other words, where **all** relations are non-hierarchical and truly co-operative.

To conclude, to claim that private property eliminates hierarchy is false. Nor does capitalism co-ordinate economic activities without hierarchical structures. For this reason anarchists support co-operative forms of production rather than capitalistic forms.

F.5 WILL PRIVATISING "THE COMMONS" INCREASE LIBERTY?

"Anarcho"-capitalists aim for a situation in which *"no land areas, no square footage in the world shall remain 'public,'" in other words everything will be "privatised."* [Murray Rothbard, **Nations by Consent**, p. 84] They claim that privatising "the commons" (e.g. roads, parks, etc.) which are now freely available to all will increase liberty. Is this true? We have shown before why the claim that privatisation can protect the environment is highly implausible (see section [E.2](#)). Here we will concern ourselves with private ownership of commonly used "property" which we all take for granted and pay for with taxes.

Its clear from even a brief consideration of a hypothetical society based on "privatised" roads (as suggested by Murray Rothbard in **For a New Liberty**, pp. 202-203 and David Friedman in **The Machinery of Freedom**, pp. 98-101) that the only increase of liberty will be for the ruling elite. As "anarcho"-capitalism is based on paying for what one uses, privatisation of roads would require some method of tracking individuals to ensure that they pay for the roads they use. In the UK, for example, during the 1980s the British Tory government looked into the idea of toll-based motorways. Obviously having toll-booths on motorways would hinder their use and restrict "freedom," and so they came up with the idea of tracking cars by satellite. Every vehicle would have a tracking device installed in it and a satellite would record where people went and which roads they used. They would then be sent a bill or have their bank balances debited based on this information (in the fascist city-

state/company town of Singapore such a scheme **has** been introduced).

If we extrapolate from this example to a system of **fully** privatised "commons," it would clearly require all individuals to have tracking devices on them so they could be properly billed for use of roads, pavements, etc. Obviously being tracked by private firms would be a serious threat to individual liberty. Another, less costly, option would be for private guards to randomly stop and question car-owners and individuals to make sure they had paid for the use of the road or pavement in question. "Parasites" would be arrested and fined or locked up. Again, however, being stopped and questioned by uniformed individuals has more in common with police states than liberty. Toll-boothing **every** street would be highly unfeasible due to the costs involved and difficulties for use that it implies. Thus the idea of privatising roads and charging drivers to gain access seems impractical at best and distinctly freedom endangering if implemented at worse.

Of course, the option of owners letting users have free access to the roads and pavements they construct and run would be difficult for a profit-based company. No one could make a profit in that case. If companies paid to construct roads for their customers/employees to use, they would be financially hindered in competition with other companies that did not, and thus would be unlikely to do so. If they restricted use purely to their own customers, the tracking problem appears again.

Some may object that this picture of extensive surveillance of individuals would not occur or be impossible. However, Murray Rothbard (in a slightly

different context) argued that technology would be available to collate information about individuals. He argued that *"[i]t should be pointed out that modern technology makes even more feasible the collection and dissemination of information about people's credit ratings and records of keeping or violating their contracts or arbitration agreements. Presumably, an anarchist [sic!] society would see the expansion of this sort of dissemination of data."* ["Society Without A State", in **Nomos XIX**, Pennock and Chapman (eds.), p. 199] So, perhaps, with the total privatisation of society we would also see the rise of private Big Brothers, collecting information about individuals for use by property owners. The example of the **Economic League** (a British company who provided the "service" of tracking the political affiliations and activities of workers for employers) springs to mind.

And, of course, these privatisation suggestions ignore differences in income and market power. If, for example, variable pricing is used to discourage road use at times of peak demand (to eliminate traffic jams at rush-hour) as is suggested both by Murray Rothbard and David Friedman, then the rich will have far more "freedom" to travel than the rest of the population. And we may even see people having to go into debt just to get to work or move to look for work.

Which raises another problem with notion of total privatisation, the problem that it implies the end of freedom of travel. Unless you get permission or (and this seems more likely) pay for access, you will not be able to travel **anywhere**. As Rothbard **himself** makes clear, "anarcho"-capitalism means the end of the right to roam or even travel. He states that *"it became clear to me that*

a totally privatised country would not have open borders at all. If every piece of land in a country were owned . . . no immigrant could enter there unless invited to enter and allowed to rent, or purchase, property." [**Nations by Consent**, p. 84] What happens to those who cannot **afford** to pay for access is not addressed (perhaps, being unable to exit a given capitalist's land they will become bonded labourers? Or be imprisoned and used to undercut workers' wages via prison labour? Perhaps they will just be shot as trespassers? Who can tell?). Nor is it addressed how this situation actually **increases** freedom. For Rothbard, a *"totally privatised country would be as closed as the particular inhabitants and property owners [not the same thing, we must point out] desire. It seems clear, then, that the regime of open borders that exists **de facto** in the US really amounts to a compulsory opening by the central state. . . and does not genuinely reflect the wishes of the proprietors."* [**Op. Cit.**, p. 85] Of course, the wishes of **non**-proprietors (the vast majority) do not matter in the slightest. Thus, it is clear, that with the privatisation of "the commons" the right to roam, to travel, would become a privilege, subject to the laws and rules of the property owners. This can hardly be said to **increase** freedom for anyone bar the capitalist class.

Rothbard acknowledges that *"in a fully privatised world, access rights would obviously be a crucial part of land ownership."* [**Nations by Consent**, p. 86] Given that there is no free lunch, we can imagine we would have to pay for such "rights." The implications of this are obviously unappealing and an obvious danger to individual freedom. The problem of access associated with the idea of privatising the roads can only be avoided by having a "right of passage" encoded into the "general libertarian law code." This would mean that road owners

would be required, by law, to let anyone use them. But where are "absolute" property rights in this case? Are the owners of roads not to have the same rights as other owners? And if "right of passage" is enforced, what would this mean for road owners when people sue them for car-pollution related illnesses? (The right of those injured by pollution to sue polluters is the main way "anarcho"-capitalists propose to protect the environment. See sections [E.2](#) and [E.3](#)). It is unlikely that those wishing to bring suit could find, never mind sue, the millions of individual car owners who could have potentially caused their illness. Hence the road-owners would be sued for letting polluting (or unsafe) cars onto "their" roads. The road-owners would therefore desire to restrict pollution levels by restricting the right to use their property, and so would resist the "right of passage" as an "attack" on their "absolute" property rights. If the road-owners got their way (which would be highly likely given the need for "absolute" property rights and is suggested by the variable pricing way to avoid traffic jams mentioned above) and were able to control who used their property, freedom to travel would be **very** restricted and limited to those whom the owner considered "desirable." Indeed, Murray Rothbard supports such a regime (*"In the free [sic!] society, they [travellers] would, in the first instance, have the right to travel only on those streets whose owners agree to have them there"* [**The Ethics of Liberty**, p. 119]). The threat to liberty in such a system is obvious -- to all but Rothbard and other right-libertarians, of course.

To take another example, let us consider the privatisation of parks, streets and other public areas. Currently, individuals can use these areas to hold political demonstrations, hand out leaflets, picket and so on.

However, under "anarcho"-capitalism the owners of such property can restrict such liberties if they desire, calling such activities "initiation of force" (although they cannot explain how speaking your mind is an example of "force"). Therefore, freedom of speech, assembly and a host of other liberties we take for granted would be reduced (if not eliminated) under a right-"libertarian" regime. Or, taking the case of pickets and other forms of social struggle, its clear that privatising "the commons" would only benefit the bosses. Strikers or other activists picketing or handing out leaflets in shopping centre's are quickly ejected by private security even today. Think about how much worse it would become under "anarcho"-capitalism when the whole world becomes a series of malls -- it would be impossible to hold a picket when the owner of the pavement objects, for example (as Rothbard himself argues, **Op. Cit.**, p. 132) and if the owner of the pavement also happens to be the boss being picketed, then workers' rights would be zero. Perhaps we could also see capitalists suing working class organisations for littering their property if they do hand out leaflets (so placing even greater stress on limited resources).

The I.W.W. went down in history for its rigorous defence of freedom of speech because of its rightly famous "free speech" fights in numerous American cities and towns. Repression was inflicted upon wobblies who joined the struggle by "private citizens," but in the end the I.W.W. won. Consider the case under "anarcho"-capitalism. The wobblies would have been "criminal aggressors" as the owners of the streets have refused to allow "undesirables" to use them to argue their case. If they refused to acknowledge the decree of the property owners, private cops would have taken them away.

Given that those who controlled city government in the historical example were the wealthiest citizens in town, its likely that the same people would have been involved in the fictional ("anarcho"-capitalist) account. Is it a good thing that in the real account the wobblies are hailed as heroes of freedom but in the fictional one they are "criminal aggressors"? Does converting public spaces into private property **really** stop restrictions on free speech being a bad thing?

Of course, Rothbard (and other right-libertarians) are aware that privatisation will not remove restrictions on freedom of speech, association and so on (while, at the same time, trying to portray themselves as supporters of such liberties!). However, for right-libertarians such restrictions are of no consequence. As Rothbard argues, any *"prohibitions would not be state imposed, but would simply be requirements for residence or for use of some person's or community's land area."* [**Nations by Consent**, p. 85] Thus we yet again see the blindness of right-libertarians to the commonality between private property and the state. The state also maintains that submitting to its authority is the requirement for taking up residence in its territory (see also [section F.2.3](#) for more on this). As Benjamin Tucker noted, the state can be defined as (in part) *"the assumption of sole authority over a given area and all within it."* [**The Individualist Anarchists**, p. 24] If the property owners can determine "prohibitions" (i.e. laws and rules) for those who use the property then they are the *"sole authority over a given area and all within it,"* i.e. a state. Thus privatising "the commons" means subjecting the non-property owners to the rules and laws of the property owners -- in effect, privatising the state and turning the world into a series of

Monarchies and oligarchies without the pretence of democracy and democratic rights.

These examples can hardly be said to be increasing liberty for society as a whole, although "anarcho" capitalists seem to think they would. So far from **increasing** liberty for all, then, privatising the commons would only increase it for the ruling elite, by giving them yet another monopoly from which to collect income and exercise their power over. It would **reduce** freedom for everyone else. As Peter Marshall notes, "*[i]n the name of freedom, the anarcho-capitalists would like to turn public spaces into private property, but freedom does not flourish behind high fences protected by private companies but expands in the open air when it is enjoyed by all*" [**Demanding the Impossible**, p. 564].

Little wonder Proudhon argued that "*if the public highway is nothing but an accessory of private property; if the communal lands are converted into private property; if the public domain, in short, is guarded, exploited, leased, and sold like private property -- what remains for the proletaire? Of what advantage is it to him that society has left the state of war to enter the regime of police?*" [**System of Economic Contradictions**, p. 371]

F.6 IS "ANARCHO"-CAPITALISM AGAINST THE STATE?

No. Due to its basis in private property, "anarcho"-capitalism implies a class division of society into bosses and workers. Any such division will require a state to maintain it. However, it need not be the same state as exists now. Regarding this point, "anarcho"-capitalism plainly advocates "defence associations" to protect property. For the "anarcho"-capitalist, however, these private companies are not states. For anarchists, they most definitely are.

According to Murray Rothbard [*"Society Without A State"*, in **Nomos XIX**, Pennock and Chapman, eds., p. 192.], a state must have one or both of the following characteristics:

- 1) The ability to tax those who live within it.
- 2) It asserts and usually obtains a coerced monopoly of the provision of defence over a given area.

He makes the same point in **The Ethics of Liberty** [p. 171].

Instead of this, the "anarcho"-capitalist thinks that people should be able to select their own "defence companies" (which would provide the needed police) and courts from the free market in "defence" which would spring up after the state monopoly has been eliminated. These companies "*all. . . would have to abide by the basic law code*" [*"Society Without A State"*, p. 206]. Thus a "*general libertarian law code*" would govern the actions

of these companies. This "law code" would prohibit coercive aggression at the very least, although to do so it would have to specify what counted as legitimate property, how said can be owned and what actually constitutes aggression. Thus the law code would be quite extensive.

How is this law code to be actually specified? Would these laws be democratically decided? Would they reflect common usage (i.e. custom)? "supply and demand"? "Natural law"? Given the strong dislike of democracy shown by "anarcho"-capitalists, we think we can safely say that some combination of the last two options would be used. Murray Rothbard argued that judges would *"not [be] making the law but finding it on the basis of agreed-upon principles derived either from custom or reason"* [Rothbard, **Op. Cit.**, p. 206] while David Friedman argues in **The Machinery of Freedom** that different defence firms would sell their own laws [p. 116]. It is sometimes acknowledged that non-libertarian laws may be demanded (and supplied) in such a market.

Around this system of "defence companies" is a free market in "arbitrators" and "appeal judges" to administer justice and the "basic law code." Rothbard believes that such a system would see *"arbitrators with the best reputation for efficiency and probity. . .[being] chosen by the various parties in the market. . .[and] will come to be given an increasing amount of business."* [Rothbard, **Op. Cit.**, p.199] Judges *"will prosper on the market in proportion to their reputation for efficiency and impartiality."* [**Op. Cit.**, p. 204]

Therefore, like any other company, arbitrators would strive for profits and wealth, with the most successful

ones becoming "*prosperous*." Of course, such wealth would have no impact on the decisions of the judges, and if it did, the population (in theory) are free to select any other judge (although, of course, they would also "*strive for profits and wealth*" -- which means the choice of character may be somewhat limited! -- and the laws which they were using to guide their judgements would be enforcing capitalist rights).

Whether or not this system would work as desired is discussed in the following sections. We think that it will not. Moreover, we will argue that "anarcho"-capitalist "defence companies" meet not only the criteria of statehood we outlined in section [B.2](#), but also Rothbard's own criteria for the state, quoted above.

As regards the anarchist criterion, it is clear that "defence companies" exist to defend private property; that they are hierarchical (in that they are capitalist companies which defend the power of those who employ them); that they are professional coercive bodies; and that they exercise a monopoly of force over a given area (the area, initially, being the property of the person or company who is employing the "association"). If, as Ayn Rand noted (using a Weberian definition of the state) a government is an institution "*that holds the exclusive power to enforce certain rules of conduct in a given geographical area*" [**Capitalism: The Unknown Ideal**, p. 239] then these "defence companies" are the means by which the property owner (who exercises a monopoly to determine the rules governing their property) enforce their rules.

For this (and other reasons), we should call the "anarcho"-capitalist defence firms "private states" -- that

is what they are -- and "anarcho"-capitalism "private state" capitalism.

Before discussing these points further, it is necessary to point out a relatively common fallacy of "anarcho"-capitalists. This is the idea that "defence" under the system they advocate means defending people, not territorial areas. This, for some, means that defence companies are not "states." However, as people and their property and possessions do not exist merely in thought but on the Earth, it is obvious that these companies will be administering "justice" over a given area of the planet. It is also obvious, therefore, that these "defence associations" will operate over a (property-owner defined) area of land and enforce the property-owner's laws, rules and regulations. The deeply anti-libertarian, indeed fascistic, aspects of this "arrangement" will be examined in the following sections.

F.6.1 WHAT'S WRONG WITH THIS "FREE MARKET" JUSTICE?

It does not take much imagination to figure out whose interests "*prosperous*" arbitrators, judges and defence companies would defend: their own, as well as those who pay their wages -- which is to say, other members of the rich elite. As the law exists to defend property, then it (by definition) exists to defend the power of capitalists against their workers.

Rothbard argues that the "*judges*" would "*not [be] making the law but finding it on the basis of agreed-upon principles derived either from custom or reason*"

[Rothbard, **Op. Cit.**, p. 206]. However, this begs the question: **whose** reason? **whose** customs? Do individuals in different classes share the same customs? The same ideas of right and wrong? Would rich and poor desire the same from a "*basic law code*"? Obviously not. The rich would only support a code which defended their power over the poor.

Although only "*finding*" the law, the arbitrators and judges still exert an influence in the "justice" process, an influence not impartial or neutral. As the arbitrators themselves would be part of a profession, with specific companies developing within the market, it does not take a genius to realise that when "interpreting" the "basic law code," such companies would hardly act against their own interests as companies. In addition, if the "justice" system was based on "one dollar, one vote," the "law" would best defend those with the most "votes" (the question of market forces will be discussed in section [F.6.3](#)). Moreover, even if "market forces" would ensure that "impartial" judges were dominant, all judges would be enforcing a **very** partial law code (namely one that defended **capitalist** property rights). Impartiality when enforcing partial laws hardly makes judgements less unfair.

Thus, due to these three pressures -- the interests of arbitrators/judges, the influence of money and the nature of the law -- the terms of "free agreements" under such a law system would be tilted in favour of lenders over debtors, landlords over tenants, employers over employees, and in general, the rich over the poor, just as we have today. This is what one would expect in a system based on "unrestricted" property rights and a (capitalist) free market. A similar tendency towards the

standardisation of output in an industry in response to influences of wealth can be seen from the current media system (see section D.3 -- [How does wealth influence the mass media?](#))

Some "anarcho"-capitalists, however, claim that just as cheaper cars were developed to meet demand, so cheaper defence associations and "people's arbitrators" would develop on the market for the working class. In this way impartiality will be ensured. This argument overlooks a few key points:

Firstly, the general "libertarian" law code would be applicable to **all** associations, so they would have to operate within a system determined by the power of money and of capital. The law code would reflect, therefore, property **not** labour and so "socialistic" law codes would be classed as "outlaw" ones. The options then facing working people is to select a firm which best enforced the **capitalist** law in their favour. And as noted above, the impartial enforcement of a biased law code will hardly ensure freedom or justice for all.

Secondly, in a race between a Jaguar and a Volkswagen Beetle, who is more likely to win? The rich would have "the best justice money can buy," as they do now. Members of the capitalist class would be able to select the firms with the best lawyers, best private cops and most resources. Those without the financial clout to purchase quality "justice" would simply be out of luck - such is the "magic" of the marketplace.

Thirdly, because of the tendency toward concentration, centralisation, and oligopoly under capitalism (due to increasing capital costs for new firms entering the

market, as discussed in section [C.4](#)), a few companies would soon dominate the market -- with obvious implications for "justice."

Different firms will have different resources. In other words, in a conflict between a small firm and a larger one, the smaller one is at a disadvantage in terms of resources. They may not be in a position to fight the larger company if it rejects arbitration and so may give in simply because, as the "anarcho"-capitalists so rightly point out, conflict and violence will push up a company's costs and so they would have to be avoided by smaller companies. It is ironic that the "anarcho"-capitalist implicitly assumes that every "defence company" is approximately of the same size, with the same resources behind it. In real life, this is clearly **not** the case.

Fourthly, it is **very** likely that many companies would make subscription to a specific "defence" firm or court a requirement of employment. Just as today many (most?) workers have to sign no-union contracts (and face being fired if they change their minds), it does not take much imagination to see that the same could apply to "defence" firms and courts. This was/is the case in company towns (indeed, you can consider unions as a form of "defence" firm and these companies refused to recognise them). As the labour market is almost always a buyer's market, it is not enough to argue that workers can find a new job without this condition. They may not and so have to put up with this situation. And if (as seems likely) the laws and rules of the property-owner will take precedence in any conflict, then workers and tenants will be at a disadvantage no matter how "impartial" the judges.

Ironically, some "anarcho"-capitalists point to current day company/union negotiations as an example of how different defence firms would work out their differences peacefully. Sadly for this argument, union rights under "actually existing capitalism" were created and enforced by the state in direct opposition to capitalist "freedom of contract." Before the law was changed, unions were often crushed by force -- the companies were better armed, had more resources and had the law on their side. Today, with the "downsizing" of companies we can see what happens to "peaceful negotiation" and "co-operation" between unions and companies when it is no longer required (i.e. when the resources of both sides are unequal). The market power of companies far exceeds those of the unions and the law, by definition, favours the companies. As an example of how competing "protection agencies" will work in an "anarcho"-capitalist society, it is far more insightful than originally intended!

Now let us consider the "*basic law code*" itself. How the laws in the "*general libertarian law code*" would actually be selected is anyone's guess, although many "anarcho"-capitalists support the myth of "natural law," and this would suggest an unchangeable law code selected by those considered as "the voice of nature" (see section [E.7](#) for a discussion of its authoritarian implications). David Friedman argues that as well as a market in defence companies, there will also be a market in laws and rights. However, there will be extensive market pressure to unify these differing law codes into one standard one (imagine what would happen if ever CD manufacturer created a unique CD player, or every computer manufacturer different sized floppy-disk drivers -- little wonder, then, that over time companies

standardise their products). Friedman himself acknowledges that this process is likely (and uses the example of standard paper sizes to indicate such a process).

In any event, the laws would not be decided on the basis of "one person, one vote"; hence, as market forces worked their magic, the "general" law code would reflect vested interests and so be very hard to change. As rights and laws would be a commodity like everything else in capitalism, they would soon reflect the interests of the rich -- particularly if those interpreting the law are wealthy professionals and companies with vested interests of their own. Little wonder that the individualist anarchists proposed "trial by jury" as the only basis for real justice in a free society. For, unlike professional "arbitrators," juries are ad hoc, made up of ordinary people and do not reflect power, authority, or the influence of wealth. And by being able to judge the law as well as a conflict, they can ensure a populist revision of laws as society progresses.

Thus a system of "defence" on the market will continue to reflect the influence and power of property owners and wealth and not be subject to popular control beyond choosing between companies to enforce the capitalist laws.

F.6.2 WHAT ARE THE SOCIAL CONSEQUENCES OF SUCH A SYSTEM?

The "anarcho" capitalist imagines that there will be police agencies, "defence associations," courts, and

appeals courts all organised on a free-market basis and available for hire. As David Weick points out, however, the major problem with such a system would not be the corruption of "private" courts and police forces (although, as suggested above, this could indeed be a problem):

"There is something more serious than the 'Mafia danger', and this other problem concerns the role of such 'defence' institutions in a given social and economic context.

*"[The] context. . . is one of a free-market economy with no restraints upon accumulation of property. Now, we had an American experience, roughly from the end of the Civil War to the 1930's, in what were in effect private courts, private police, indeed private governments. We had the experience of the (private) Pinkerton police which, by its spies, by its **agents provocateurs**, and by methods that included violence and kidnapping, was one of the most powerful tools of large corporations and an instrument of oppression of working people. We had the experience as well of the police forces established to the same end, within corporations, by numerous companies. . . . (The automobile companies drew upon additional covert instruments of a private nature, usually termed vigilante, such as the Black Legion). These were, in effect, private armies, and were sometimes described as such. The territories owned by coal companies, which frequently included entire towns and their environs, the stores the miners were obliged by economic coercion to patronise, the houses they lived in, were commonly policed by the private police of the United States Steel Corporation or whatever company owned the properties. The chief practical function of these police was, of*

course, to prevent labour organisation and preserve a certain balance of 'bargaining.'

*"These complexes were a law unto themselves, powerful enough to ignore, when they did not purchase, the governments of various jurisdictions of the American federal system. This industrial system was, at the time, often characterised as feudalism. . . ." ["Anarchist Justice", **Op. Cit.**, pp. 223-224]*

For a description of the weaponry and activities of these private armies, the economic historian Maurice Dobbs presents an excellent summary in **Studies in Capitalist Development** [pp. 353-357]. According to a report on *"Private Police Systems"* cited by Dobbs, in a town dominated by Republican Steel, the *"civil liberties and the rights of labour were suppressed by company police. Union organisers were driven out of town."* Company towns had their own (company-run) money, stores, houses and jails and many corporations had machine-guns and tear-gas along with the usual shot-guns, rifles and revolvers. The *"usurpation of police powers by privately paid 'guards and 'deputies', often hired from detective agencies, many with criminal records"* was *"a general practice in many parts of the country."*

The local (state-run) law enforcement agencies turned a blind-eye to what was going on (after all, the workers **had** broken their contracts and so were "criminal aggressors" against the companies) even when union members and strikers were beaten and killed. The workers own defence organisations were the only ones willing to help them, and if the workers seemed to be winning then troops were called in to "restore the peace" (as happened in the Ludlow strike, when strikers

originally cheered the troops as they thought they would defend their civil rights; needless to say, they were wrong).

Here we have a society which is claimed by many "anarcho"-capitalists as one of the closest examples to their "ideal," with limited state intervention, free reign for property owners, etc. What happened? The rich reduced the working class to a serf-like existence, capitalist production undermined independent producers (much to the annoyance of individualist anarchists at the time), and the result was the emergence of the corporate America that "anarcho"-capitalists say they oppose.

Are we to expect that "anarcho"-capitalism will be different? That, unlike before, "defence" firms will intervene on behalf of strikers? Given that the "general libertarian law code" will be enforcing capitalist property rights, workers will be in exactly the same situation as they were then. Support of strikers violating property rights would be a violation of the "general libertarian law code" and be costly for profit making firms to do (if not dangerous as they could be "outlawed" by the rest). Thus "anarcho"-capitalism will extend extensive rights and powers to bosses, but few if any rights to rebellious workers. And this difference in power is enshrined within the fundamental institutions of the system.

In evaluating "anarcho"-capitalism's claim to be a form of anarchism, Peter Marshall notes that *"private protection agencies would merely serve the interests of their paymasters."* [**Demanding the Impossible**, p. 653] With the increase of private "defence associations" under "really existing capitalism" today (associations that many "anarcho"-capitalists point to as examples of their ideas),

we see a vindication of Marshall's claim. There have been many documented experiences of protesters being badly beaten by private security guards. As far as market theory goes, the companies are only supplying what the buyer is demanding. The rights of others are **not a factor** (yet more "externalities," obviously). Even if the victims successfully sue the company, the message is clear -- social activism can seriously damage your health. With a reversion to "a general libertarian law code" enforced by private companies, this form of "defence" of "absolute" property rights can only increase, perhaps to the levels previously attained in the heyday of US capitalism, as described above by Weick.

F.6.3 BUT SURELY MARKET FORCES WILL STOP ABUSES BY THE RICH?

Unlikely. The rise of corporations within America indicates exactly how a "general libertarian law code" would reflect the interests of the rich and powerful. The laws recognising corporations as "legal persons" were **not** primarily a product of "the state" but of private lawyers hired by the rich -- a result with which Rothbard would have no problem. As Howard Zinn notes:

"the American Bar Association, organised by lawyers accustomed to serving the wealthy, began a national campaign of education to reverse the [Supreme] Court decision [that companies could not be considered as a person]. . . . By 1886. . . the Supreme Court had accepted the argument that corporations were 'persons' and their money was property protected by the process clause of the Fourteenth Amendment. . . . The justices of

the Supreme Court were not simply interpreters of the Constitution. They were men of certain backgrounds, of certain [class] interests." [**A People's History of the United States**, p. 255]

Of course it will be argued that the Supreme Court is a monopoly and so our analysis is flawed. In "anarcho"-capitalism there is no monopoly. But the corporate laws came about because there was a demand for them. That demand would still have existed in "anarcho"-capitalism. Now, while there may be no Supreme Court, Rothbard does maintain that *"the basic Law Code . . . would have to be agreed upon by all the judicial agencies"* but he maintains that this *"would imply no unified legal system"*! Even though *"[a]ny agencies that transgressed the basic libertarian law code would be open outlaws"* and soon crushed this is **not**, apparently, a monopoly. [**The Ethics of Liberty**, p. 234] So, you either agree to the law code or you go out of business. And that is **not** a monopoly! Therefore, we think, our comments on the Supreme Court decision are valid.

If all the available defence firms enforce the same laws, then it can hardly be called "competitive"! And if this is the case (and it is) *"when private wealth is uncontrolled, then a police-judicial complex enjoying a clientele of wealthy corporations whose motto is self-interest is hardly an innocuous social force controllable by the possibility of forming or affiliating with competing 'companies.'"* [Weick, **Op. Cit.**, p. 225]

This is particularly true if these companies are themselves Big Business and so have a large impact on the laws they are enforcing. If the law code recognises and protects capitalist power, property and wealth as

fundamental **any** attempt to change this is "initiation of force" and so the power of the rich is written into the system from the start!

(And, we must add, if there is a general libertarian law code to which all must subscribe, where does that put customer demand? If people demand a non-libertarian law code, will defence firms refuse to supply it? If so, will not new firms, looking for profit, spring up that will supply what is being demanded? And will that not put them in direct conflict with the existing, pro-general law code ones? And will a market in law codes not just reflect economic power and wealth? David Friedman, who is for a market in law codes, argues that "*if almost everyone believes strongly that heroin addiction is so horrible that it should not be permitted anywhere under any circumstances anarcho-capitalist institutions will produce laws against heroin. Laws are being produced on the market, and that is what the market wants.*" And he adds that "*market demands are in dollars, not votes. The legality of heroin will be determined, not by how many are for or against but how high a cost each side is willing to bear in order to get its way.*" [**The Machinery of Freedom**, p. 127] And, as the market is less than equal in terms of income and wealth, such a position will mean that the capitalist class will have a higher effective demand than the working class, and more resources to pay for any conflicts that arise. Thus any law codes that develop will tend to reflect the interests of the wealthy.)

Which brings us nicely on to the next problem regarding market forces.

As well as the obvious influence of economic interests and differences in wealth, another problem faces the

"free market" justice of "anarcho"-capitalism. This is the "*general libertarian law code*" itself. Even if we assume that the system actually works like it should in theory, the simple fact remains that these "defence companies" are enforcing laws which explicitly defend capitalist property (and so social relations). Capitalists own the means of production upon which they hire wage-labourers to work and this is an inequality established **prior** to any specific transaction in the labour market. This inequality reflects itself in terms of differences in power within (and outside) the company and in the "law code" of "anarcho"-capitalism which protects that power against the dispossessed.

In other words, the law code within which the defence companies work assumes that capitalist property is legitimate and that force can legitimately be used to defend it. This means that, in effect, "anarcho"-capitalism is based on a monopoly of law, a monopoly which explicitly exists to defend the power and capital of the wealthy. The major difference is that the agencies used to protect that wealth will be in a weaker position to act independently of their pay-masters. Unlike the state, the "defence" firm is not remotely accountable to the general population and cannot be used to equalise even slightly the power relationships between worker and capitalist.

And, needless to say, it is very likely that the private police forces **will** give preferential treatment to their wealthier customers (what business does not?) and that the law code will reflect the interests of the wealthier sectors of society (particularly if "*prosperous*" judges administer that code) in reality, even if not in theory. Since, in capitalist practice, "the customer is always

right," the best-paying customers will get their way in "anarcho"-capitalist society.

For example, in chapter 29 of **The Machinery of Freedom**, David Friedman presents an example of how a clash of different law codes could be resolved by a bargaining process (the law in question is the death penalty). This process would involve one defence firm giving a sum of money to the other for them accepting the appropriate (anti/pro capital punishment) court. Friedman claims that "*[a]s in any good trade, everyone gains*" but this is obviously not true. Assuming the anti-capital punishment defence firm pays the pro one to accept an anti-capital punishment court, then, yes, both defence firms have made money and so are happy, so are the anti-capital punishment consumers but the pro-death penalty customers have only (perhaps) received a cut in their bills. Their desire to see criminals hanged (for whatever reason) has been ignored (if they were not in favour of the death penalty, they would not have subscribed to that company). Friedman claims that the deal, by allowing the anti-death penalty firm to cut its costs, will ensure that it "*keep its customers and even get more*" but this is just an assumption. It is just as likely to lose customers to a defence firm that refuses to compromise (and has the resources to back it up). Friedman's assumption that lower costs will automatically win over people's passions is unfounded. As is the assumption that both firms have equal resources and bargaining power. If the pro-capital punishment firm demands more than the anti can provide and has larger weaponry and troops, then the anti defence firm may have to agree to let the pro one have its way.

So, all in all, it is **not** clear that *"everyone gains"* -- there may be a sizeable percentage of those involved who do not "gain" as their desire for capital punishment is traded away by those who claimed they would enforce it.

In other words, a system of competing law codes and privatised rights does not ensure that **all** consumers interests are met. Given unequal resources within society, it is also clear that the "effective demand" of the parties involved to see their law codes enforced is drastically different. The wealthy head of a transnational corporation will have far more resources available to him to pay for **his** laws to be enforced than one of his employees on the assembly line. Moreover, as we argue in sections [F.3.1](#) and [F.10.2](#), the labour market is usually skewed in favour of capitalists. This means that workers have to compromise to get work and such compromises may involve agreeing to join a specific "defence" firm or not join one at all (just as workers are often forced to sign non-union contracts today in order to get work). In other words, a privatised law system is very likely to skew the enforcement of laws in line with the skewing of income and wealth in society. At the very least, unlike every other market, the customer is **not** guaranteed to get exactly what they demand simply because the product they "consume" is dependent on other within the same market to ensure its supply. The unique workings of the law/defence market are such as to deny customer choice (we will discuss other aspects of this unique market shortly).

Weick sums up by saying *"any judicial system is going to exist in the context of economic institutions. If there are gross inequalities of power in the economic and social domains, one has to imagine society as strangely*

compartmentalised in order to believe that those inequalities will fail to reflect themselves in the judicial and legal domain, and that the economically powerful will be unable to manipulate the legal and judicial system to their advantage. To abstract from such influences of context, and then consider the merits of an abstract judicial system. . . is to follow a method that is not likely to take us far. This, by the way, is a criticism that applies. . .to any theory that relies on a rule of law to override the tendencies inherent in a given social and economic system" [Weick, **Op. Cit.**, p. 225] (For a discussion of this problem as it would surface in attempts to protect the environment under "anarcho"-capitalism, see sections [E.2](#) and [E.3](#)).

There is another reason why "market forces" will not stop abuse by the rich, or indeed stop the system from turning from private to public statism. This is due to the nature of the "defence" market (for a similar analysis of the "defence" market see Tyler Cowen's "*Law as a Public Good: The Economics of Anarchy*" in **Economics and Philosophy**, no. 8 (1992), pp. 249-267 and "*Rejoinder to David Friedman on the Economics of Anarchy*" in **Economics and Philosophy**, no. 10 (1994), pp. 329-332). In "anarcho"-capitalist theory it is assumed that the competing "defence companies" have a vested interest in peacefully settling differences between themselves by means of arbitration. In order to be competitive on the market, companies will have to co-operate via contractual relations otherwise the higher price associated with conflict will make the company uncompetitive and it will go under. Those companies that ignore decisions made in arbitration would be outlawed by others, ostracised and their rulings ignored. By this process, it is argued, a system of competing

"defence" companies will be stable and not turn into a civil war between agencies with each enforcing the interests of their clients against others by force.

However, there is a catch. Unlike every other business in competition, the private state **must** co-operate with its fellows in order to provide its services for its customers. They need to be able to agree to courts and judges, agree to abide by decisions and law codes and so forth. This means that collusion (where companies in a market agree to work together to restrict competition and reap the benefits of monopoly) is built into the system. In other words, the necessary contractual relations between agencies in the "protection" market require that firms co-operate and, by so doing, to behave (effectively) as one large firm.

For example, it does not matter to me if Safeway has good relations with Tesco if I shop there. The goods I buy are independent of the relationships that exist between competing companies. However, in the case of private states, this is **not** the case. If a specific "defence" company has bad relationships with other companies in the market then it's against my self-interest to subscribe to it. Why join a private state if its judgements are ignored by the others and it has to resort to violence to be heard? This, as well as being potentially dangerous, will also push up the prices I have to pay. Arbitration is one of the most important services a defence firm can offer its customers and its market share is based upon being able to settle interagency disputes without risk of war or uncertainty that the final outcome will not be accepted by all parties.

Therefore, the market set-up within the "anarcho"-capitalist "defence" market is such that private states **have to co-operate** with the others (or go out of business fast) and this means collusion can take place. In other words, a system of private states will have to agree to work together in order to provide the service of "law enforcement" to their customers and the result of such co-operation is to create a cartel. However, unlike cartels in other industries, the "defence" cartel will be a stable body simply because its members **have** to work with their competitors in order to survive.

Let us look at what would happen after such a cartel is formed in a specific area and a new "defence company" desired to enter the market. This new company will have to work with the members of the cartel in order to provide its services to its customers (note that "anarcho"-capitalists already assume that they *"will have to"* subscribe to the same law code). If the new defence firm tries to under-cut the cartel's monopoly prices, the other companies would refuse to work with it. Having to face constant conflict or the possibility of conflict, seeing its decisions being ignored by other agencies and being uncertain what the results of a dispute would be, few would patronise the new "defence company." The new company's prices would go up and so face either folding or joining the cartel. Unlike every other market, if a "defence company" does not have friendly, co-operative relations with other firms in the same industry then it will go out of business.

This means that the firms that are co-operating have but to agree not to deal with new firms which are attempting to undermine the cartel in order for them to fail. A "cartel busting" firm goes out of business in the same

way an outlaw one does - the higher costs associated with having to solve all its conflicts by force, not arbitration, increases its production costs much higher than the competitors and the firm faces insurmountable difficulties selling its products at a profit (ignoring any drop of demand due to fears of conflict by actual and potential customers). Even if we assume that many people will happily join the new firm in spite of the dangers to protect themselves against the cartel and its taxation (i.e. monopoly profits), enough will remain members of the cartel (perhaps they will be fired if they change, perhaps they dislike change and think the extra money is worth peace, perhaps they fear that by joining the new company their peace will be disrupted or the outcomes of their problems with others too unsure to be worth it, perhaps they are shareholders and want to maintain their income) so that co-operation will still be needed and conflict unprofitable and dangerous (and as the cartel will have more resources than the new firm, it could usually hold out longer than the new firm could). In effect, breaking the cartel may take the form of an armed revolution -- as it would with any state.

The forces that break up cartels and monopolies in other industries (such as free entry -- although, of course the "defence" market will be subject to oligopolistic tendencies as any other and this will create barriers to entry, see section [C.4](#)) do not work here and so new firms have to co-operate or loose market share and/or profits. This means that "defence companies" will reap monopoly profits and, more importantly, have a monopoly of force over a given area.

Hence a monopoly of private states will develop in addition to the existing monopoly of law and this is a de

facto monopoly of force over a given area (i.e. some kind of public state run by share holders). New companies attempting to enter the "defence" industry will have to work with the existing cartel in order to provide the services it offers to its customers. The cartel is in a dominant position and new entries into the market either become part of it or fail. This is exactly the position with the state, with "private agencies" free to operate as long as they work to the state's guidelines. As with the monopolist "general libertarian law code", if you do not toe the line, you go out of business fast.

It is also likely that a multitude of cartels would develop, with a given cartel operating in a given locality. This is because law enforcement would be localised in given areas as most crime occurs where the criminal lives. Few criminals would live in New York and commit crimes in Portland. However, as defence companies have to co-operate to provide their services, so would the cartels. Few people live all their lives in one area and so firms from different cartels would come into contact, so forming a cartel of cartels.

A cartel of cartels may (perhaps) be less powerful than a local cartel, but it would still be required and for exactly the same reasons a local one is. Therefore "anarcho"-capitalism would, like "actually existing capitalism," be marked by a series of public states covering given areas, co-ordinated by larger states at higher levels. Such a set up would parallel the United States in many ways except it would be run directly by wealthy shareholders without the sham of "democratic" elections. Moreover, as in the USA and other states there will still be a monopoly of rules and laws (the "general libertarian law code").

Some "anarcho"-capitalists claim that this will not occur, but that the co-operation needed to provide the service of law enforcement will somehow **not** turn into collusion between companies. However, they are quick to argue that renegade "agencies" (for example, the so-called "Mafia problem" or those who reject judgements) will go out of business because of the higher costs associated with conflict and not arbitration. However, these higher costs are ensured because the firms in question do not co-operate with others. If other agencies boycott a firm but co-operate with all the others, then the boycotted firm will be at the same disadvantage -- regardless of whether it is a cartel buster or a renegade.

The "anarcho"-capitalist is trying to have it both ways. If the punishment of non-conforming firms cannot occur, then "anarcho"-capitalism will turn into a war of all against all or, at the very least, the service of social peace and law enforcement cannot be provided. If firms cannot deter others from disrupting the social peace (one service the firm provides) then "anarcho"-capitalism is not stable and will not remain orderly as agencies develop which favour the interests of their own customers and enforce their own law codes at the expense of others. If collusion cannot occur (or is too costly) then neither can the punishment of non-conforming firms and "anarcho"-capitalism will prove to be unstable.

So, to sum up, the "defence" market of private states has powerful forces within it to turn it into a monopoly of force over a given area. From a privately chosen monopoly of force over a specific (privately owned) area, the market of private states will turn into a monopoly of force over a general area. This is due to the need for peaceful relations between companies, relations

which are required for a firm to secure market share. The unique market forces that exist within this market ensure collusion and monopoly.

In other words, the system of private states will become a cartel and so a public state - unaccountable to all but its shareholders, a state of the wealthy, by the wealthy, for the wealthy. In other words, fascism.

F.6.4 WHY ARE THESE "DEFENCE ASSOCIATIONS" STATES?

It is clear that "anarcho"-capitalist defence associations meet the criteria of statehood outlined in section B.2 (["Why are anarchists against the state"](#)). They defend property and preserve authority relationships, they practice coercion, and are hierarchical institutions which govern those under them on behalf of a "ruling elite," i.e. those who employ both the governing forces and those they govern. Thus, from an anarchist perspective, these "defence associations" as most definitely states.

What is interesting, however, is that by their own definitions a very good case can be made that these "defence associations" as states in the "anarcho"-capitalist sense too. Capitalist apologists usually define a "government" (or state) as those who have a monopoly of force and coercion within a given area. Relative to the rest of the society, these defence associations would have a monopoly of force and coercion of a given piece of property; thus, by the "anarcho"-capitalists' **own definition** of statehood, these associations would qualify!

If we look at Rothbard's definition of statehood, which requires (a) the power to tax and/or (b) a "*coerced monopoly of the provision of defence over a given area*", "anarcho"-capitalism runs into trouble.

In the first place, the costs of hiring defence associations will be deducted from the wealth created by those who use, but do not own, the property of capitalists and landlords. Let not forget that a capitalist will only employ a worker or rent out land and housing if they make a profit from so doing. Without the labour of the worker, there would be nothing to sell and no wages to pay for rent. Thus a company's or landlord's "defence" firm will be paid from the revenue gathered from the capitalists power to extract a tribute from those who use, but do not own, a property. In other words, workers would pay for the agencies that enforce their employers' authority over them via the wage system and rent -- taxation in a more insidious form.

In the second, under capitalism most people spend a large part of their day on other people's property -- that is, they work for capitalists and/or live in rented accommodation. Hence if property owners select a "defence association" to protect their factories, farms, rental housing, etc., their employees and tenants will view it as a "*coerced monopoly of the provision of defence over a given area.*" For certainly the employees and tenants will not be able to hire their own defence companies to expropriate the capitalists and landlords. So, from the standpoint of the employees and tenants, the owners do have a monopoly of "defence" over the areas in question. Of course, the "anarcho"-capitalist will argue that the tenants and workers "consent" to **all** the rules and conditions of a contract when they sign it and

so the property owner's monopoly is not "coerced." However, the "consent" argument is so weak in conditions of inequality as to be useless (see sections [F.2.4](#) and [F.3.1](#), for example) and, moreover, it can and has been used to justify the state. In other words, "consent" in and of itself does not ensure that a given regime is not statist (see section [F.2.3](#) for more on this). So an argument along these lines is deeply flawed and can be used to justify regimes which are little better than "industrial feudalism" (such as company towns, for example -- an institution which "anarcho"-capitalism has no problem with). Even the "*general libertarian law code*," could be considered a "*monopoly of government over a particular area*," particularly if ordinary people have no real means of affecting the law code, either because it is market-driven and so is money-determined, or because it will be "natural" law and so unchangeable by mere mortals.

In other words, if the state "*arrogates to itself a monopoly of force, of ultimate decision-making power, over a given area territorial area*" [Rothbard, **The Ethics of Liberty**, p. 170] then its pretty clear that the property owner shares this power. The owner is, after all, the "*ultimate decision-making power*" in their workplace or on their land. If the boss takes a dislike to you (for example, you do not follow their orders) then you get fired. If you cannot get a job or rent the land without agreeing to certain conditions (such as not joining a union or subscribing to the "defence firm" approved by your employer) then you either sign the contract or look for something else. Of course Rothbard fails to note that bosses have this monopoly of power and is instead referring to "*prohibiting the voluntary purchase and sale of defence and judicial services*." [**Op. Cit.**, p. 171] But

just as surely as the law of contract allows the banning of unions from a property, it can just as surely ban the sale and purchase of defence and judicial services (it could be argued that market forces will stop this happening, but this is unlikely as bosses usually have the advantage on the labour market and workers have to compromise to get a job -- see section [F.10.2](#) on why this is the case). After all, in the company towns, only company money was legal tender and company police the only law enforcers.

Therefore, it is obvious that the "anarcho"-capitalist system meets the Weberian criteria of a monopoly to enforce certain rules in a given area of land. The "*general libertarian law code*" is a monopoly and property owners determine the rules that apply to their property. Moreover, if the rules that property owners enforce are subject to rules contained in the monopolistic "*general libertarian law code*" (for example, that they cannot ban the sale and purchase of certain products -- such as defence -- on their own territory) then "anarcho"-capitalism **definitely** meets the Weberian definition of the state (as described by Ayn Rand as an institution "*that holds the exclusive power to **enforce** certain rules of conduct in a given geographical area*" [**Capitalism: The Unknown Ideal**, p. 239]) as its "law code" overrides the desires of property owners to do what they like on their own property.

Therefore, no matter how you look at it, "anarcho"-capitalism and its "defence" market promotes a "*monopoly of ultimate decision making power*" over a "*given territorial area*". It is obvious that for anarchists, the "anarcho"-capitalist system is a state system. As, as

we note, a reasonable case can be made for it also being a state in "anarcho"-capitalist theory as well.

So, in effect, "anarcho"-capitalism has a **different** sort of state, one in which bosses hire and fire the policeman. As Peter Sabatini notes [in **Libertarianism: Bogus Anarchy**], *"[w]ithin Libertarianism, Rothbard represents a minority perspective that actually argues for the total elimination of the state. However Rothbard's claim as an anarchist is quickly voided when it is shown that he only wants an end to the public state. In its place he allows countless private states, with each person supplying their own police force, army, and law, or else purchasing these services from capitalist vendors. . . Rothbard sees nothing at all wrong with the amassing of wealth, therefore those with more capital will inevitably have greater coercive force at their disposal, just as they do now."*

Far from wanting to abolish the state, then, "anarcho"-capitalists only desire to privatise it - to make it solely accountable to capitalist wealth. Their "companies" perform the same services as the state, for the same people, in the same manner. However, there is one slight difference. Property owners would be able to select between competing companies for their "services." Because such "companies" are employed by the boss, they would be used to reinforce the totalitarian nature of capitalist firms by ensuring that the police and the law they enforce are not even slightly accountable to ordinary people.

Looking beyond the "defence association" to the defence market itself (as we argued in the [last section](#)), this will become a cartel and so become some kind of public

state. The very nature of the private state, its need to co-operate with others in the same industry, push it towards a monopoly network of firms and so a monopoly of force over a given area. Given the assumptions used to defend "anarcho"-capitalism, its system of private statism will develop into public statism - a state run by managers accountable only to the share-holding elite.

To quote Peter Marshall again, the "anarcho"-capitalists *"claim that all would benefit from a free exchange on the market, it is by no means certain; any unfettered market system would most likely sponsor a reversion to an unequal society with defence associations perpetuating exploitation and privilege."* [**Demanding the Impossible**, p. 565] History, and current practice, prove this point.

In short, "anarcho"-capitalists are not anarchists at all, they are just capitalists who desire to see private states develop -- states which are strictly accountable to their paymasters without even the sham of democracy we have today. Hence a far better name for "anarcho"-capitalism would be "private-state" capitalism. At least that way we get a fairer idea of what they are trying to sell us. As Bob Black writes in **The Libertarian as Conservative**, *"To my mind a right-wing anarchist is just a minarchist who'd abolish the state to his own satisfaction by calling it something else. . . . They don't denounce what the state does, they just object to who's doing it."*

F.6.5 WHAT OTHER EFFECTS WOULD "FREE MARKET" JUSTICE HAVE?

Such a system would be dangerous simply because of the power it places in the hands of companies. As Michael Taylor notes, *"whether the [protection] market is competitive or not, it must be remembered that the product is a peculiar one: when we buy cars or shoes or telephone services we do not give the firm power based on force, but armed protection agencies, like the state, make customers (their own and others') vulnerable, and having given them power we cannot be sure that they will use it only for our protection."* [**Community, Anarchy and Liberty**, p. 65]

As we argued above, there are many reasons to believe that a "protection" market will place most of society (bar the wealthy elite) in a "vulnerable" position. One such reason is the assumptions of the "anarcho"-capitalists themselves. As they note, capitalism is marked by an extreme division of labour. Instead of everyone having all the skills they need, these skills are distributed throughout society and all (so it is claimed) benefit.

This applies equally to the "defence" market. People subscribe to a "defence firm" because they either cannot or do not want the labour of having to protect their own property and person. The skills of defence, therefore, are concentrated in these companies and so these firms will have an advantage in terms of experience and mental state (they are trained to fight) as well as, as seems likely, weaponry. This means that most normal people will be somewhat at a disadvantage if a cartel of defence firms decides to act coercively. The division of labour society will discourage the spread of skills required for

sustained warfare throughout society and so, perhaps, ensure that customers remain "vulnerable." The price of liberty may be eternal vigilance, but are most people willing to include eternal preparation of war as well? For modern society, the answer seems to be no, they prefer to let others do that (namely the state and its armed forces). And, we should note, an armed society may be a polite one, but its politeness comes from fear, **not** mutual respect and so totally phoney and soul destroying.

If we look at inequality within society, this may produce a ghettoisation effect within "anarcho"-capitalism. As David Friedman notes, conflict between defence firms is bad for business. Conflict costs money both in terms of weaponry used and increased ("danger money") wages. For this reason he thinks that peaceful co-operation will exist between firms. However, if we look at poor areas with high crime rates then its clear that such an area will be a dangerous place. In other words, it is very likely to be high in conflict. But conflict increases costs, and so prices. Does this mean that those areas which need police most will also have the highest prices for law enforcement? That is the case with insurance now, so perhaps we will see whole areas turning into Hobbesian anarchy simply because the high costs associated with dangerous areas will make the effective demand for their services approach zero.

In a system based on "private statism," police and justice would be determined by "free market" forces. As indicated in section [B.4.1](#), right-libertarians maintain that one would have few rights on other peoples' property, and so the owner's will would be the law (possibly restricted somewhat by a "general libertarian law code", perhaps not -- see [last section](#)). In this situation, those

who could not afford police protection would become victims of roving bandits and rampant crime, resulting in a society where the wealthy are securely protected in their bastions by their own armed forces, with a bunch of poor crowded around them for protection. This would be very similar to feudal Europe.

The competing police forces would also be attempting to execute the laws of their sponsors in areas that may not be theirs to begin with, which would lead to conflicts unless everyone agreed to follow a "general libertarian law code" (as Rothbard, for one, wants). If there were competing law codes, the problem of whose "laws" to select and enforce would arise, with each of the wealthy security sponsors desiring that their law control all of the land. And, as noted earlier, if there were **one** "libertarian law code," this would be a "*monopoly of government*" over a given area, and therefore statist.

In addition, it should be noted that the right-libertarian claim that under their system anarchistic associations would be allowed as long as they are formed voluntarily just reflects their usual vacuous concept of freedom. This is because such associations would exist within and be subject to the "general libertarian law code" of "anarcho"-capitalist society. These laws would reflect and protect the interests and power of those with capitalist property, meaning that unless these owners agree, trying to live an anarchist life would be nearly impossible (its all fine and well to say that those with property can do what they like, if you do not have property then experimentation could prove difficult -- not to mention, of course, few areas are completely self-sufficient meaning that anarchistic associations will be subject to market forces, market forces which stress and

reward the opposite of the values these communes were set up to create). Thus we must **buy** the right to be free!

If, as anarchists desire, most people refuse to recognise or defend the rights of private property and freely associate accordingly to organise their own lives and ignore their bosses, this would still be classed as "initiation of force" under "anarcho"-capitalism, and thus repressed. In other words, like any authoritarian system, the "rules" within "anarcho"-capitalism do not evolve with society and its changing concepts (this can be seen from the popularity of "natural law" with right-libertarians, the authoritarian nature of which is discussed in section [F.7](#)).

Therefore, in "anarcho"-capitalism you are free to follow the (capitalist) laws and to act within the limits of these laws. It is only within this context that you can experiment (if you can afford to). If you act outside these laws, then you will be subject to coercion. The amount of coercion required to prevent such actions depends on how willing people are to respect the laws. Hence it is not the case that an "anarcho"-capitalist society is particularly conducive to social experimentation and free evolution, as its advocates like to claim. Indeed, the opposite may be the case, as any capitalist system will have vast differences of wealth and power within it, thus ensuring that the ability to experiment is limited to those who can afford it. As Jonathan Wolff points out, the *"image of people freely moving from one utopia to another until they find their heaven, ignores the thought that certain choices may be irreversible. . . This thought may lead to speculation about whether a law of evolution would apply to the plural utopias. Perhaps, in the long run, we may find the framework regulated by the law of*

survival of the economically most fit, and so we would expect to see a development not of diversity but of homogeneity. Those communities with great market power would eventually soak up all but the most resistant of those communities around them." [Robert Nozick: **Property, Justice and the Minimal State**, p. 135]

And if the initial distribution of resources is similar to that already existing then the "*economically most fit*" will be capitalistic (as argued in section [J.5.12](#), the capitalist market actively selects against co-operatives even though they are more productive). Given the head start provided by statism, it seems likely that explicitly capitalist utopia's would remain the dominant type (particularly as the rights framework is such as to protect capitalist property rights). Moreover, we doubt that most "anarcho"-capitalists would embrace the ideology if it was more than likely that non-capitalist utopias would overcome the capitalist ones (after all, they **are** self-proclaimed capitalists).

So, given that "anarcho"-capitalists who follow Murray Rothbard's ideas and minimal-statist right-libertarians agree that **all** must follow the basic "*general libertarian law code*" which defends capitalist property rights, we can safely say that the economically "*most fit*" would be capitalist ones. Hardly surprising if the law code reflects capitalist ideas of right and wrong. In addition, as George Reitzer has argued (see **The McDonaldization of Society**), capitalism is driven towards standardisation and conformity by its own logic. This suggests that plurality of communities would soon be replaced by a series of "communities" which share the same features of hierarchy and ruling elites. ("Anarcho"-capitalists who

follow David Friedman's ideas consider it possible, perhaps likely, that a free market in laws will result in one standard law code and so this also applies to that school as well)

So, in the end, the "anarcho" capitalists argue that in their system you are free to follow the (capitalist) law and work in the (capitalist) economy, and if you are lucky, take part in a "commune" as a collective capitalist. How **very** generous of them! Of course, any attempt to change said rules or economy are illegal and would be stopped by private states.

As well as indicating the falsity of "anarcho"-capitalist claims to support "experimentation," this discussion has also indicated that coercion would not be absent from "anarcho"-capitalism. This would be the case only if everyone voluntarily respected private property rights and abided by the law (i.e. acted in a capitalist-approved way). As long as you follow the law, you will be fine -- which is exactly the same as under public statism. Moreover, if the citizens of a society do not want a capitalist order, it may require a lot of coercion to impose it. This can be seen from the experiences of the Italian factory occupations in 1920 (see section [A.5.5](#)), in which workers refused to accept capitalist property or authority as valid and ignored it. In response to this change of thought within a large part of society, the capitalists backed fascism in order to stop the evolutionary process within society.

The socialist economic historian Maurice Dobbs, after reviewing the private armies in 1920s and 1930s America made much the same point: *"When business policy takes the step of financing and arming a mass*

political movement to capture the machinery of government, to outlaw opposing forms of organisation and suppress hostile opinions we have merely a further and more logical stage beyond [private armies]" [Op, Cit., p. 357]

(Noted Austrian Economist Ludwig von Mises whose extreme free market liberal political and economic ideas inspired right-libertarianism in many ways had this to say about fascism: *"It cannot be denied that Fascism and similar movements aiming at the establishment of dictatorships are full of the best intentions and that their intervention has, for the moment, saved European civilisation. The merit that Fascism has thereby won for itself will live eternally in history."* [**Liberalism**, p. 51])

This example illustrates the fact that capitalism **per se** is essentially authoritarian, because it is necessarily based on coercion and hierarchy, which explains why capitalists have resorted to the most extreme forms of authoritarianism -- including totalitarian dictatorship -- during crises that threatened the fundamental rules of the system itself. There is no reason to think that "anarcho"-capitalism would be any different.

Since "anarcho"-capitalism, with its private states, does not actually want to get rid of hierarchical forms of authority, the need for one government to unify the enforcement activities of the various defence companies becomes apparent. In the end, that is what "anarcho"-capitalism recognises with its "general libertarian law code" (based either on market forces or "natural law"). Thus it appears that one government/hierarchy over a given territory is inevitable under any form of capitalism. That being the case, it is obvious that a democratic form

of statism, with its checks and balances, is preferable to a dictatorship that imposes "absolute" property rights and so "absolute" power.

Of course, we do have another option than either private or public statism. This is anarchism, the end of hierarchical authority and its replacement by the "natural" authority of communal and workplace self-management.

F.7 WHAT IS THE MYTH OF "NATURAL LAW"?

Natural Law, and the related concept of Natural Rights, play an important part in Libertarian and "anarcho"-capitalist ideology. Right-libertarians are not alone in claiming that their particular ideology is based on the "law of nature". Hitler, for one, claimed the same thing for Nazi ideology. So do numerous other demagogues, religious fanatics, and political philosophers. However, each likes to claim that only **their** "natural law" is the "real" one, all the others being subjective impositions. We will ignore these assertions (they are not arguments) and concentrate on explaining why natural law, in all its forms, is a myth. In addition, we will indicate its authoritarian implications.

Instead of such myths anarchists urge people to "work it out for themselves" and realise that any ethical code is subjective and not a law of nature. If its a good "code", then others will become convinced of it by your arguments and their intellect. There is no need to claim its a function of "man's nature"!

The following books discuss the subject of "Natural Law" in greater depth and are recommended for a fuller discussion of the issues raised in this section:

Robert Anton Wilson, **Natural Law** and L.A. Rollins, **The Myth of Natural Law**.

We should note that these books are written by people associated, to some degree, with right-libertarianism and, of course, we should point out that not all right-libertarians subscribe to "natural law" theories (David

Friedman, for example, does not). However, such a position seems to be the minority in right-Libertarianism (Ayn Rand, Robert Nozick and Murray Rothbard, among others, did subscribe to it). We should also point out that the Individualist Anarchist Lysander Spooner also subscribed to "natural laws" (which shows that, as we noted above, the concept is not limited to one particular theory or ideology). We present a short critique of Spooner's ideas on this subject in section [G.7](#).

Lastly, it could be maintained that it is a common "straw man" to maintain that supporters of Natural Law argue that their Laws are like the laws of physics (and so are capable of stopping people's actions just as the law of gravity automatically stops people flying from the Earth). But that is the whole point -- using the term "Natural Law" implies that the moral rights and laws that its supporters argue for are to be considered just like the law of gravity (although they acknowledge, of course, that unlike gravity, **their "natural laws" can be violated in nature**). Far from saying that the rights they support are just that (i.e. rights **they** think are good) they try to associate them with universal facts. For example, Lysander Spooner (who, we must stress, used the concept of "Natural law" to **oppose** the transformation of America into a capitalist society, unlike Rand, Nozick and Rothbard who use it to defend capitalism) stated that:

"the true definition of law is, that it is a fixed, immutable, natural principle; and not anything that man ever made, or can make, unmake, or alter. Thus we speak of the laws of matter, and the laws of mind; of the laws of gravitation, the laws of light, heat, and electricity. . .etc., etc. . . . The law of justice is just as supreme and

universal in the moral world, as these others are in the mental or physical world; and is as unalterable as are these by any human power. And it is just as false and absurd to talk of anybody's having the power to abolish the law of justice, and set up their own in its stead, as it would be to talk of their having the power to abolish the law of gravitation, or any other natural laws of the universe, and set up their own will in the place of them."
[A Letter to Grover Cleveland, p. 88]

Rothbard and other capitalist supporters of "Natural Law" make the same sort of claims (as we will see). Now, why, if they are aware of the fact that unlike gravity their "Natural Laws" can be violated, do they use the term at all? Benjamin Tucker said that "Natural Law" was a "*religious*" concept -- and this provides a clue. To say "Do not violate these rights, otherwise I will get cross" does not have **quite** the same power as "Do not violate these rights, they are facts of nature and you are violating nature" (compare to "Do not violate these laws, or you will go to hell"). So to point out that "Natural Law" is **not** the same as the law of gravity (because it has to be enforced by humans) is not attacking some kind of "straw man" -- it is exposing the fact that these "Natural Laws" are just the personal prejudices of those who hold them. If they do not want then to be exposed as such then they should call their laws what they are -- personal ethical laws -- rather than compare them to the facts of nature.

F.7.1 WHY THE TERM "NATURAL LAW" IN THE FIRST PLACE?

Murray Rothbard claims that *"Natural Law theory rests on the insight. . . that each entity has distinct and specific properties, a distinct 'nature,' which can be investigated by man's reason"* [**For a New Liberty**, p. 25] and that *"man has rights because they are **natural** rights. They are grounded in the nature of man."* [**The Ethics of Liberty**, p. 155]

To put it bluntly, this form of "analysis" was originated by Aristotle and has not been used by science for centuries. Science investigates by proposing theories and hypotheses to explain empirical observations, testing and refining them by experiment. In stark contrast, Rothbard **invents** definitions ("*distinct*" "*natures*") and then draws conclusions from them. Such a method was last used by the medieval Church and is devoid of any scientific method. It is, of course, a fiction. It attempts to deduce the nature of a "natural" society from *a priori* considerations of the "innate" nature of human beings, which just means that the assumptions necessary to reach the desired conclusions have been built into the definition of "human nature." In other words, Rothbard defines humans as having the "distinct and specific properties" that, given his assumptions, will allow his dogma (private state capitalism) to be inferred as the "natural" society for humans.

Rothbard claims that *"if A, B, C, etc., have differing attributes, it follows that they have different **natures**."* [**The Ethics of Liberty**, p. 9] Does this mean that as every individual is unique (have different attributes), they have different natures? Skin and hair colour are

different attributes, does this mean that red haired people have different natures than blondes? That black people have different natures than white (and such a "theory" of "natural law" was used to justify slavery -- yes, slaves **are** human but they have "different natures" than their masters and so slavery is okay). Of course Rothbard aggregates "attributes" to species level, but why not higher? Humans are primates, does that mean we have the same natures as monkeys or gorillas? We are also mammals as well, we share many of the same attributes as whales and dogs. Do we have similar natures?

But this is by the way. To continue we find that after defining certain "natures," Rothbard attempts to derive "*Natural Rights and Laws*" from them. However, these "*Natural Laws*" are quite strange, as they can be violated in nature! Real natural laws (like the law of gravity) **cannot** be violated and therefore do not need to be enforced. The "Natural Laws" the "Libertarian" desires to foist upon us are not like this. They need to be enforced by humans and the institutions they create. Hence, Libertarian "Natural Laws" are more akin to moral prescriptions or juridical laws. However, this does not stop Rothbard explicitly "*plac[ing]*" his "*Natural Laws*" "*alongside physical or 'scientific' natural laws.*" [The Ethics of Liberty, p. 42]

So why do so many Libertarians use the term "Natural Law?" Simply, it gives them the means by which to elevate their opinions, dogmas, and prejudices to a metaphysical level where nobody will dare to criticise or even think about them. The term smacks of religion, where "Natural Law" has replaced "God's Law." The latter fiction gave the priest power over believers. "Natural Law" is designed to give the Libertarian

ideologist power over the people that he or she wants to rule.

How can one be against a "Natural Law" or a "Natural Right"? It is impossible. How can one argue against gravity? If private property, for example, is elevated to such a level, who would dare argue against it? Ayn Rand listed having landlords and employers along with *"the laws of nature."* They are **not** similar: the first two are social relationships which have to be imposed by the state; the *"laws of nature"* (like gravity, needing food, etc.) are **facts** which do not need to be imposed. Rothbard claims that *"the natural fact is that labour service is indeed a commodity."* [Op. Cit., p. 40] However, this is complete nonsense -- labour service as a commodity is a **social** fact, dependent on the distribution of property within society, its social customs and so forth. It is only "natural" in the sense that it exists within a given society (the state is also "natural" as it also exists within nature at a given time). But neither wage slavery or the state is "natural" in the sense that gravity is natural or a human having two arms is. Indeed, workers at the dawn of capitalism, faced with selling their labour services to another, considered it as decidedly "unnatural" and used the term "wage slavery" to describe it!

Thus, where and when a "fact" appears is essential. For example, Rothbard claims that *"[a]n apple, let fall, will drop to the ground; this we all observe and acknowledge to be in the nature of the apple."* [The Ethics of Liberty, p. 9] Actually, we do not "acknowledge" anything of the kind. We acknowledge that the apple was subject to the force of gravity and that is why it fell. The same apple, "let fall" in a space ship would **not** drop to

the floor. Has the "nature" of the apple changed? No, but the situation it is in has. Thus any attempt to generate abstract "natures" requires you to ignore reality in favour of ideals.

Because of the confusion its usage creates, we are tempted to think that the use of "Natural Law" dogma is an attempt to **stop** thinking, to restrict analysis, to force certain aspects of society off the political agenda by giving them a divine, everlasting quality.

Moreover, such an "individualist" account of the origins of rights will always turn on a muddled distinction between individual rationality and some vague notion of rationality associated with membership of the human species. How are we to determine what is rational for an individual **as and individual** and what is rational for that same individual **as a human being**? It is hard to see that we can make such a distinction for *"[i]f I violently interfere with Murray Rothbard's freedom, this may violate the 'natural law' of Murray Rothbard's needs, but it doesn't violate the 'natural law' of my needs."* [L.A. Rollins, **The Myth of Natural Rights**, p. 28] Both parties, after all, are human and if such interference is, as Rothbard claims, *"antihuman"* then why? *"If it helps me, a human, to advance my life, then how can it be unequivocally 'antihuman'?"* [L. A. Rollins, **Op. Cit.**, p. 27] Thus "natural law" is contradictory as it is well within the bounds of human nature to violate it.

This means that in order to support the dogma of "Natural Law," the cultists **must** ignore reality. Ayn Rand claims that *"the source of man's rights is. . .the law of identity. A is A -- and Man is Man."* But Rand (like Rothbard) **defines** *"Man"* as an *"entity of a specific kind*

-- *a rational being*" [**The Virtue of Selfishness**, pp. 94-95]. Therefore she cannot account for **irrational** human behaviours (such as those that violate "Natural Laws"), which are also products of our "nature." To assert that such behaviours are not human is to assert that A can be not-A, thus contradicting the law of identity. Her ideology cannot even meet its own test.

F.7.2 BUT "NATURAL LAW" PROVIDES PROTECTION FOR
INDIVIDUAL RIGHTS FROM VIOLATION BY THE STATE.
THOSE WHO ARE AGAINST NATURAL LAW DESIRE TOTAL
RULE BY THE STATE.

The second statement represents a common "Libertarian" tactic. Instead of addressing the issues, they accuse an opponent of being a "totalitarian" (or the less sinister "statist"). In this way, they hope to distract attention from, and so avoid discussing, the issue at hand (while at the same time smearing their opponent). We can therefore ignore the second statement.

Regarding the first, "Natural Law" has **never** stopped the rights of individuals from being violated by the state. Such "laws" are as much use as a chocolate fire-guard. If "Natural Rights" could protect one from the power of the state, the Nazis would not have been able to murder six million Jews. The only thing that stops the state from attacking people's rights is individual (and social) power -- the ability and desire to protect oneself and what one considers to be right and fair. As the anarchist Rudolf Rocker pointed out, *"Political [or individual] rights do not exist because they have been legally set down on a piece of paper, but only when they have become the*

ingrown habit of a people, and when any attempt to impair them will be met with the violent resistance of the populace. . . .One compels respect from others when he knows how to defend his dignity as a human being. . . .The people owe all the political rights and privileges which we enjoy today, in greater or lesser measure, not to the good will of their governments, but to their own strength." [**Anarcho-Syndicalism**, p. 64]

Of course, if there are no "Natural Rights," then the state has no "right" to murder you or otherwise take away what are commonly regarded as human rights. One can object to state power without believing in "Natural Law."

F.7.3 WHY IS "NATURAL LAW" AUTHORITARIAN?

Rights, far from being fixed, are the product of social evolution and human action, thought and emotions. What is acceptable now may become unacceptable in the future. Slavery, for example, was long considered "natural." In fact, John Locke, the "father" of "Natural Rights," was heavily involved in the slave trade. He made a fortune in violating what is today regarded as a basic human right: not to be enslaved. Many in Locke's day claimed that slavery was a "Natural Law." Few would say so now.

Thomas Jefferson indicates exactly why "Natural Law" is authoritarian when he wrote "*[s]ome men look at constitutions with sanctimonious reverence, and deem them like the ark of the Covenant, too sacred to be touched. They ascribe to the men of the preceding age a*

wisdom more than human, and suppose what they did to be beyond amendment. . . laws and institutions must go hand in hand with the progress of the human mind. . . as that becomes more developed, more enlightened, as new discoveries are made, institutions must advance also, to keep pace with the times. . . We might as well require a man to wear still the coat which fitted him when a boy as civilised society to remain forever under the regimen of their barbarous ancestors."

The "Natural Law" cult desires to stop the evolutionary process by which new rights are recognised. Instead they wish to fix social life into what **they** think is good and right, using a form of argument that tries to raise their ideology above critique or thought. Such a wish is opposed to the fundamental feature of liberty: the ability to think for oneself. Michael Bakunin writes *"the liberty of man consists solely in this: that he obeys natural laws because he has **himself** recognised them as such, and not because they have been externally imposed upon him by any extrinsic will whatever, divine or human, collective or individual."* [**Bakunin on Anarchism**, p. 227]

Thus anarchism, in contrast to the "natural law" cult, recognises that "natural laws" (like society) are the product of individual evaluation of reality and social life and are, therefore, subject to change in the light of new information and ideas (Society *"progresses slowly through the moving power of individual initiative"* [Bakunin, **The Political Philosophy of Bakunin**, p. 166] and so, obviously, do social rights and customs). Ethical or moral "laws" (which is what the "Natural Law" cult is actually about) is not a product of "human nature" or abstract individuals. Rather, it is a **social** fact, a creation of society and human interaction. In Bakunin's words,

"moral law is not an individual but a social fact, a creation of society" and any "natural laws" are "inherent in the social body" (and so, we must add, not floating abstractions existing in "man's nature"). [Ibid., p. 125, p. 166]

The case for liberty and a free society is based on the argument that, since every individual is unique, everyone can contribute something that no one else has noticed or thought about. It is the free interaction of individuals which allows them, along with society and its customs and rights, to evolve, change and develop. "Natural Law," like the state, tries to arrest this evolution. It replaces creative inquiry with dogma, making people subject to yet another god, destroying critical thought with a new rule book.

In addition, if these "Natural Laws" are really what they are claimed to be, they are necessarily applicable to **all** of humanity (Rothbard explicitly acknowledges this when he wrote that *"one of the notable attributes of natural law" is "its applicability to all men, regardless of time or place"* [**The Ethics of Liberty**, p. 42]). In other words, every other law code **must** (by definition) be "against nature" and there exists **one** way of life (the "natural" one). The authoritarian implications of such arrogance is clear. That the Dogma of Natural Law was only invented a few hundred years ago, in one part of the planet, does not seem to bother its advocates. Nor does the fact that for the vast majority of human existence, people have lived in societies which violated almost **all** of their so-called "Natural Laws" To take one example, before the late Neolithic, most societies were based on usufruct, or free access to communally held land and other resources [see Murray Bookchin, **The Ecology of**

Freedom]. Thus for millennia, all human beings lived in violation of the supposed "Natural Law" of private property -- perhaps the chief "law" in the "Libertarian" universe.

If "Natural Law" did exist, then all people would have discovered these "true" laws years ago. To the contrary, however, the debate is still going on, with (for example) fascists and "Libertarians" each claiming "the laws of nature" (and socio-biology) as their own.

F.7.4 DOES "NATURAL LAW" ACTUALLY PROVIDES PROTECTION FOR INDIVIDUAL LIBERTY?

But, it seems fair to ask, does "natural law" actually respect individuals and their rights (i.e. liberty)? We think not. Why?

According to Rothbard, *"the natural law ethic states that for man, goodness or badness can be determined by what fulfils or thwarts what is best for man's nature."* [The Ethics of Liberty, p. 10] But, of course, what may be "good" for "man" may be decidedly **bad** for men (and women). If we take the example of the sole oasis in a desert (see section [F.4.2](#)) then, according to Rothbard, the property owner having the power of life and death over others is "good" while, if the dispossessed revolt and refuse to recognise his "property", this is "bad"! In other words, Rothbard's "natural law" is good for **some** people (namely property owners) while it can be bad for others (namely the working class). In more general terms, this means that a system which results in extensive hierarchy (i.e. **archy**, power) is "good" (even

though it restricts liberty for the many) while attempts to **remove** power (such as revolution and the democratisation of property rights) is "bad". Somewhat strange logic, we feel.

However such a position fails to understand **why** we consider coercion to be wrong/unethical. Coercion is wrong because it subjects an individual to the will of another. It is clear that the victim of coercion is lacking the freedom that the philosopher Isaiah Berlin describes in the following terms:

"I wish my life and decisions to depend on myself, not on external forces of whatever kind. I wish to be an instrument of my own, not of other men's, acts of will. I wish to be a subject, not an object; to be moved by reasons, by conscious purposes, which are my own, not by causes which affect me, as it were, from outside. I wish to be somebody, not nobody; a doer -- deciding, not being decided for, self-directed and not acted upon by external nature or by other means as if I were a thing, or an animal, or a slave incapable of playing a human role, that is, of conceiving goals and policies of my own and realising them." [Four Essays on Liberty, p. 131]

Or, as Alan Haworth points out, *"we have to view coercion as a violation of what Berlin calls **positive** freedom."* [Anti-Libertarianism, p. 48]

Thus, if a system results in the violation of (positive) liberty by its very nature -- namely, subject a class of people to the will of another class (the worker is subject to the will of their boss and is turned into an order-taker) -- then it is justified to end that system. Yes, it is "coercion" is dispossess the property owner -- but

"coercion" exists only for as long as they desire to exercise power over others. In other words, it is not domination to remove domination! And remember it is the domination that exists in coercion which fuels our hatred of it, thus "coercion" to free ourselves from domination is a necessary evil in order to stop far greater evils occurring (as, for example, in the clear-cut case of the oasis monopoliser).

Perhaps it will be argued that domination is only bad when it is involuntary, which means that it is only the involuntary nature of coercion that makes it bad, not the domination it involves. By this argument wage slavery is not domination as workers voluntarily agree to work for a capitalist (after all, no one puts a gun to their heads) and any attempt to overthrow capitalist domination is coercion and so wrong. However, this argument ignores that fact that **circumstances** force workers to sell their liberty and so violence on behalf of property owners is not (usually) required -- market forces ensure that physical force is purely "defensive" in nature. And as we argued in section [F.2.2](#), even Rothbard recognised that the economic power associated with one class of people being dispossessed and another empowered by this fact results in relations of domination which cannot be considered "voluntary" by any stretch of the imagination (although, of course, Rothbard refuses to see the economic power associated with capitalism -- when its capitalism, he cannot see the wood for the trees -- and we are ignoring the fact that capitalism was created by extensive use of coercion and violence -- see section [F.8](#)).

Thus, "Natural law" and attempts to protect individuals rights/liberty and see a world in which people are free to

shape their own lives are fatally flawed if they do not recognise that private property is incompatible with these goals. This is because the existence of capitalist property smuggles in power and so domination (the restriction of liberty, the conversion of some into order-givers and the many into order-takers) and so Natural Law does not fulfil its promise that each person is free to pursue their own goals. The unqualified right of property will lead to the domination and degradation of large numbers of people (as the oasis monopoliser so graphically illustrates).

And we stress that anarchists have no desire to harm individuals, only to change institutions. If a workplace is taken over by its workers, the owners are not harmed physically. If the oasis is taken from the monopoliser, the ex-monopoliser becomes like other users of the oasis (although probably **disliked** by others). Thus anarchists desire to treat people as fairly as possible and not replace one form of coercion and domination with another -- individuals must **never** be treated as abstractions (if they have power over you, destroy what creates the relation of domination, **not** the individual, in other words! And if this power can be removed without resorting to force, so much the better -- a point which social and individualist anarchists disagree on, namely whether capitalism can be reformed away or not comes directly from this. As the Individualists think it can, they oppose the use of force. Most social anarchists think it cannot, and so support revolution).

This argument may be considered as "utilitarian" (the greatest good for the greatest number) and so treats people not as "ends in themselves" but as "means to an end". Thus, it could be argued, "natural law" is required

to ensure that **all** (as opposed to some, or many, or the majority of) individuals are free and have their rights protected.

However, it is clear that "natural law" can easily result in a minority having their freedom and rights respected, while the majority are forced by circumstances (created by the rights/laws produced by applying "natural law" we must note) to sell their liberty and rights in order to survive. If it is wrong to treat anyone as a "means to an end", then it is equally wrong to support a theory or economic system that results in people having to negate themselves in order to live. A respect for persons -- to treat them as ends and never as means -- is not compatible with private property.

The simple fact is that **there are no easy answers** -- we need to weight up our options and act on what we think is best. Yes, such subjectivism lacks the "elegance" and simplicity of "natural law" but it reflects real life and freedom far better. All in all, we must always remember that what is "good" for man need not be good for people. "Natural law" fails to do this and stands condemned.

F.7.5 BUT NATURAL LAW WAS DISCOVERED, NOT INVENTED!

This statement truly shows the religious nature of the Natural Law cult. To see why its notion of "discovery" is confused, let us consider the Law of Gravity. Newton did not "discover" the law of gravity, he invented a theory which explained certain observed phenomena in the physical world. Later Einstein updated Newton's theories

in ways that allowed for a better explanation of physical reality. Thus, unlike "Natural Law," scientific laws can be updated and changed as our knowledge changes and grows. As we have already noted, however, "Natural Laws" cannot be updated because they are derived from fixed definitions (Rothbard is pretty clear on this, he states that it is "[v]ery true" that natural law is "*universal, fixed and immutable*" and so are "*'absolute' principles of justice*" and that they are "*independent of time and place*" [**The Ethics of Liberty**, p. 19]). However, what he fails to understand is that what the "Natural Law" cultists are "discovering" are simply the implications of their own definitions, which in turn simply reflect their own prejudices and preferences.

Since "Natural Laws" are thus "unchanging" and are said to have been "discovered" centuries ago, it's no wonder that many of its followers look for support in socio-biology, claiming that their "laws" are part of the genetic structure of humanity. But socio-biology has dubious scientific credentials for many of its claims. Also, it has authoritarian implications **exactly** like Natural Law. Murray Bookchin rightly characterises socio-biology as "*suffocatingly rigid; it not only impedes action with the autocracy of a genetic tyrant but it closes the door to any action that is not biochemically defined by its own configuration. When freedom is nothing more than the recognition of necessity. . .we discover the gene's tyranny over the greater totality of life. . .when knowledge becomes dogma (and few movements are more dogmatic than socio-biology) freedom is ultimately denied.*" ["*Socio-biology or Social Ecology*", in **Which way for the Ecology Movement?** pp. 49 - 75, p. 60]

In conclusion the doctrine of Natural Law, far from supporting individual freedom, is one of its greatest enemies. By locating individual rights within "Man's Nature," it becomes an unchanging set of dogmas. Do we really know enough about humanity to say what are "Natural" and universal Laws, applicable forever? Is it not a rejection of critical thinking and thus individual freedom to do so?

F.7.6 WHY IS THE NOTION OF "DISCOVERY" CONTRADICTIONARY?

Ayn Rand indicates the illogical and contradictory nature of the concepts of "discovering" "natural law" and the "natural rights" this "discovery" argument creates when she stated that her theory was "*objective*." Her "Objectivist" political theory "*holds that good is neither an attribute of 'things in themselves' nor man's emotional state, but **an evaluation** of the facts of reality by man's consciousness according to a rational standard of value. . . The objective theory holds that **the good is an aspect of reality in relation to man** - and that it must be discovered, not invented, by man.*" [Capitalism: The Unknown Ideal, p. 22]

However, this is playing with words. If something is "discovered" then it has always been there and so is an intrinsic part of it. If "good" is "discovered" by "man" then "good" exists independently of people -- it is waiting to be "discovered." In other words, "good" is an attribute of "*man as man*," of "*things in themselves*" (in addition, such a theory also implies that there is just **one** possible interpretation of what is "good" for all

humanity). This can be seen when Rand talks about her system of "objective" values and rights.

When discussing the difference between "*subjective*," "*intrinsic*" and "*objective*" values Rand noted that "*intrinsic*" and "*subjective*" theories "*make it possible for a man to believe what is good is independent of man's mind and can be achieved by physical force.*" [Op. Cit., p. 22] In other words, intrinsic and subjective values justify tyranny. However, her "*objective*" values are placed squarely in "*Man's Nature*" -- she states that "*[i]ndividual rights are the means of subordinating society to moral law*" and that "*the source of man's rights is man's nature.*" [Op. Cit., p. 320, p. 322]

She argues that the "*intrinsic theory holds that the good is inherent in certain things or actions, as such, regardless of their context and consequences, regardless of any benefit or injury they may cause to the actors and subjects involved.*" [Op. Cit., p. 21] According to the **Concise Oxford Dictionary**, "*intrinsic*" is defined as "*inherent,*" "*essential,*" "*belonging naturally*" and defines "*nature*" as "*a thing's, or person's, innate or essential qualities or character.*" In other words, if, as Rand maintains, man's rights **are** the product of "*man's nature*" then such rights are **intrinsic**! And if, as Rand maintains, such rights are the "*extension of morality into the social system*" then morality itself is also intrinsic.

Again, her ideology fails to meet its own tests -- and opens the way for tyranny. This can be seen by her whole hearted support for wage slavery and her total lack of concern how it, and concentrations of wealth and power, affect the individuals subjected to them. For, after all, what is "good" is "inherent" in capitalism, regardless

of the context, consequences, benefits or injuries it may cause to the actors and subjects involved.

The key to understanding her contradictory and illogical ideology lies in her contradictory use of the word "man." Sometimes she uses it to describe individuals but usually it is used to describe the human race collectively ("*man's nature*," "*man's consciousness*"). But "Man" does not have a consciousness, only individuals do. Man is an abstraction, it is individuals who live and think, not "Man." Such "Man worship" -- like Natural Law -- has all the markings of a religion.

As Max Stirner argues "*liberalism is a religion because it separates my essence from me and sets it above me, because it exalts 'Man' to the same extent as any other religion does to God. . . it sets me beneath Man.*" [**The Ego and Its Own**, p. 176] Indeed, he "*who is infatuated with **Man** leaves persons out of account so far as that infatuation extends, and floats in an ideal, sacred interest. **Man**, you see, is not a person, but an ideal, a spook.*" [**Op. Cit.**, p.79]

Rand argues that we must evaluate "*the facts of reality by man's consciousness according to a rational standard of value*" but who determines that value? She states that "*[v]alues are not determined by fiat nor by majority vote*" [p. 24] but, however, neither can they be determined by "man" or "man's consciousness" because "man" does not exist. Individuals exist and have consciousness and because they are unique have different values (but as we argued in section [A.2.19](#), being social creatures these values are generalised across individuals into social, i.e. objective, values). So, the abstraction "man" does not exist and because of this we

see the healthy sight of different individuals convincing others of their ideas and theories by discussion, presenting facts and rational debate. This can be best seen in scientific debate.

The aim of the scientific method is to invent theories that explain facts, the theories are not part of the facts but created by the individual's mind in order to explain those facts. Such scientific "laws" can and do change in light of new information and new thought. In other words, the scientific method is the creation of subjective theories that explain the objective facts. Rand's method is the opposite - she assumes "man's nature," "discovers" what is "good" from those assumptions and draws her theories by deduction from that. This is the **exact** opposite of the scientific method and, as we noted above, comes to us straight from the Roman Catholic church.

It is the subjective revolt by individuals against what is considered "objective" fact or "common sense" which creates progress and develops ethics (what is considered "good" and "right") and society. This, in turn, becomes "accepted fact" until the next free thinker comes along and changes how we view the world by presenting **new** evidence, re-evaluating old ideas and facts or exposing the evil effects associated with certain ideas (and the social relationships they reflect) by argument, fact and passion. Attempts to impose *"an evaluation of the facts of reality by man's consciousness"* would be a death blow to this process of critical thought, development and evaluation of the facts of reality by individual's consciousness. Human thought would be subsumed by dogma.

F.8 WHAT ROLE DID THE STATE TAKE IN THE CREATION OF CAPITALISM?

If the "anarcho"-capitalist is to claim with any plausibility that "real" capitalism is non-statist or that it can exist without a state, it must be shown that capitalism evolved naturally, in opposition to state intervention. However, in reality, the opposite is the case. Capitalism was born from state intervention and, in the words of Kropotkin, *"the State . . . and capitalism . . . developed side by side, mutually supporting and reinforcing each other."* [**Kropotkin's Revolutionary Pamphlets**, p. 181]

Numerous writers have made this point. For example, in Karl Polyani's flawed masterpiece **The Great Transformation** we read that *"the road to the free market was opened and kept open by an enormous increase in continuous, centrally organised and controlled interventionism"* by the state [p. 140]. This intervention took many forms -- for example, state support during "mercantilism," which allowed the "manufactures" (i.e. industry) to survive and develop, enclosures of common land, and so forth. In addition, the slave trade, the invasion and brutal conquest of the Americas and other "primitive" nations, and the looting of gold, slaves, and raw materials from abroad also enriched the European economy, giving the development of capitalism an added boost. Thus Kropotkin:

"The history of the genesis of capital has already been told by socialists many times. They have described how it was born of war and pillage, of slavery and serfdom, of modern fraud and exploitation. They have shown how it

is nourished by the blood of the worker, and how little by little it has conquered the whole world." [Op. Cit.,p. 207]

Or, if Kropotkin seems too committed to be fair, we have John Stuart Mill statement that:

"The social arrangements of modern Europe commenced from a distribution of property which was the result, not of just partition, or acquisition by industry, but of conquest and violence. . . " [Principle of Political Economy, p. 15]

Therefore, when supporters of "libertarian" capitalism say they are against the "initiation of force," they mean only **new** initiations of force; for the system they support was born from numerous initiations of force in the past. And, as can be seen from the history of the last 100 years, it also requires state intervention to keep it going (section D.1, ["Why does state intervention occur?"](#), addresses this point in some detail). Indeed, many thinkers have argued that it was precisely this state support and coercion (particularly the separation of people from the land) that played the **key** role in allowing capitalism to develop rather than the theory that "*previous savings*" did so. As the noted German thinker Franz Oppenheimer argued, "*the concept of a 'primitive accumulation,' or an original store of wealth, in land and in movable property, brought about by means of purely economic forces*" while "*seem[ing] quite plausible*" is in fact "*utterly mistaken; it is a 'fairly tale,' or it is a class theory used to justify the privileges of the upper classes.*" [The State, pp. 5-6]

This thesis will be discussed in the following sections. It is, of course, ironic to hear right-wing libertarians sing the praises of a capitalism that never existed and urge its adoption by all nations, in spite of the historical evidence suggesting that only state intervention made capitalist economies viable -- even in that Mecca of "free enterprise," the United States. As Noam Chomsky argues, *"who but a lunatic could have opposed the development of a textile industry in New England in the early nineteenth century, when British textile production was so much more efficient that half the New England industrial sector would have gone bankrupt without very high protective tariffs, thus terminating industrial development in the United States? Or the high tariffs that radically undermined economic efficiency to allow the United States to develop steel and other manufacturing capacities? Or the gross distortions of the market that created modern electronics?"* [**World Orders, Old and New**, p. 168]. To claim, therefore, that "mercantilism" is not capitalism makes little sense. Without mercantilism, "proper" capitalism would never have developed, and any attempt to divorce a social system from its roots is ahistoric and makes a mockery of critical thought.

Similarly, it is somewhat ironic when "anarcho"-capitalists and right libertarians claim that they support the freedom of individuals to choose how to live. After all, the working class was not given **that** particular choice when capitalism was developing. Indeed, their right to choose their own way of life was constantly violated and denied. So to claim that **now** (after capitalism has been created) we get the chance to try and live as we like is insulting in the extreme. The available options we have are not independent of the society we live in and are decisively shaped by the past. To claim

we are "free" to live as we like (within the laws of capitalism) is basically to argue that we are able to "buy" the freedom that every individual is due from those who have stolen it from us in the first place!

Needless to say, some right-libertarians recognise that the state played a massive role in encouraging industrialisation (more correct to say "proletarianisation" as it created a working class which did not own the tools they used, although we stress that this process started on the land and not in industry). So they contrast "bad" business people (who took state aid) and "good" ones. Thus Rothbard's comment that Marxists have "*made no particular distinction between 'bourgeoisie' who made use of the state, and bourgeoisie who acted on the free market.*" [**The Ethics of Liberty**, p. 72]

But such an argument is nonsense as it ignores the fact that the "free market" is a network (and defined by the state by the property rights it enforces). For example, the owners of the American steel and other companies who grew rich and their companies big behind protectionist walls are obviously "bad" bourgeoisie. But are the bourgeoisie who supplied the steel companies with coal, machinery, food, "defence" and so on not also benefiting from state action? And the suppliers of the luxury goods to the wealthy steel company owners, did they not benefit from state action? Or the suppliers of commodities to the workers that laboured in the steel factories that the tariffs made possible, did they not benefit? And the suppliers to these suppliers? And the suppliers to these suppliers? Did not the users of technology first introduced into industry by companies protected by state orders also not benefit? Did not the capitalists who had a large and landless working class to

select from benefit from the "land monopoly" even though they may not have, unlike other capitalists, directly advocated it? It increased the pool of wage labour for **all** capitalists and increased their bargaining position/power in the labour market at the expense of the working class. In other words, such a policy helped maintain capitalist market power, irrespective of whether individual capitalists encouraged politicians to vote to create/maintain it. And, similarly, **all** capitalists benefited from the changes in common law to recognise and protect capitalist private property and rights that the state enforced during the 19th century (see section [B.2.5](#)).

It appears that, for Rothbard, the collusion between state and business is the fault, not of capitalism, but of particular capitalists. The system is pure; only individuals are corrupt. But, for anarchists, the origins of the modern state-capitalist system lies not in the individual qualities of capitalists as such but in the dynamic and evolution of capitalism itself -- a complex interaction of class interest, class struggle, social defence against the destructive actions of the market, individual qualities and so forth. In other words, Rothbard's claims are flawed -- they fail to understand capitalism as a **system** and its dynamic nature.

Indeed, if we look at the role of the state in creating capitalism we could be tempted to rename "anarcho"-capitalism "marxian-capitalism". This is because, given the historical evidence, a political theory can be developed by which the "dictatorship of the bourgeoisie" is created and that this capitalist state "withers away" into anarchy. That this means rejecting the economic and social ideas of Marxism and their replacement by their

direct opposite should not mean that we should reject the idea (after all, that is what "anarcho"-capitalism has done to Individualist Anarchism!). But we doubt that many "anarcho"-capitalists will accept such a name change (even though this would reflect their politics far better; after all they do not object to past initiations of force, just current ones and many do seem to think that the modern state **will** wither away due to market forces).

But this is beside the point. The fact remains that state action was required to create and maintain capitalism. Without state support it is doubtful that capitalism would have developed at all.

So, when the right suggests that "we" be "left alone," what they mean by "we" comes into clear focus when we consider how capitalism developed. Artisans and peasants were only "left alone" to starve, and the working classes of industrial capitalism were only "left alone" outside work and for only as long as they respected the rules of their "betters." As for the other side of the class divide, they desire to be "left alone" to exercise their power over others, as we will see. That modern "capitalism" is, in effect, a kind of "corporate mercantilism," with states providing the conditions that allow corporations to flourish (e.g. tax breaks, subsidies, bailouts, anti-labour laws, etc.) says more about the statist roots of capitalism than the ideologically correct definition of capitalism used by its supporters.

F.8.1 WHAT SOCIAL FORCES LAY BEHIND THE RISE OF CAPITALISM?

Capitalist society is a relatively recent development. As Murray Bookchin points out, for a *"long era, perhaps spanning more than five centuries,"* capitalism *"coexisted with feudal and simple commodity relationships"* in Europe. He argues that this period *"simply cannot be treated as 'transitional' without reading back the present into the past."* [**From Urbanisation to Cities**, p. 179] In other words, capitalism was not a inevitable outcome of "history" or social evolution.

He goes on to note that capitalism existed *"with growing significance in the mixed economy of the West from the fourteenth century up to the seventeenth"* but that it *"literally exploded into being in Europe, particularly England, during the eighteenth and especially nineteenth centuries."* [**Op. Cit.**, p. 181] The question arises, what lay behind this *"growing significance"*? Did capitalism *"explode"* due to its inherently more efficient nature or where there other, non-economic, forces at work? As we will show, it was most definitely the later one -- capitalism was born not from economic forces but from the political actions of the social elites which its usury enriched. Unlike artisan (simple commodity) production, wage labour generates inequalities and wealth for the few and so will be selected, protected and encouraged by those who control the state in their own economic and social interests.

The development of capitalism in Europe was favoured by two social elites, the rising capitalist class within the degenerating medieval cities and the absolutist state. The

medieval city was *"thoroughly changed by the gradual increase in the power of commercial capital, due primarily to foreign trade. . . By this the inner unity of the commune was loosened, giving place to a growing caste system and leading necessarily to a progressive inequality of social interests. The privileged minorities pressed ever more definitely towards a centralisation of the political forces of the community. . . Mercantilism in the perishing city republics led logically to a demand for larger economic units [i.e. to nationalise the market]; and by this the desire for stronger political forms was greatly strengthened. . . . Thus the city gradually became a small state, paving the way for the coming national state."* [Rudolf Rocker, **Nationalism and Culture**, p. 94]

The rising economic power of the proto-capitalists conflicted with that of the feudal lords, which meant that the former required help to consolidate their position. That aid came in the form of the monarchical state. With the force of absolutism behind it, capital could start the process of increasing its power and influence by expanding the "market" through state action.

As far as the absolutist state was concerned, it *"was dependent upon the help of these new economic forces, and vice versa. . . ."* *"The absolutist state, whose coffers the expansion of commerce filled. . . , at first furthered the plans of commercial capital. Its armies and fleets. . . contributed to the expansion of industrial production because they demanded a number of things for whose large-scale production the shops of small tradesmen were no longer adapted. Thus gradually arose the so-called manufactures, the forerunners of the later large industries."* [Op. Cit., p. 117-8]

Some of the most important state actions from the standpoint of early industry were the so-called Enclosure Acts, by which the "commons" -- the free farmland shared communally by the peasants in most rural villages -- was "enclosed" or incorporated into the estates of various landlords as private property (see section [F.8.3](#)). This ensured a pool of landless workers who had no option but to sell their labour to capitalists. Indeed, the widespread independence caused by the possession of the majority of households of land caused the rising class of merchants to complain *"that men who should work as wage-labourers cling to the soil, and in the naughtiness of their hearts prefer independence as squatters to employment by a master."* [R.H Tawney, cited by Allan Elgar in **The Apostles of Greed**, p. 12]

In addition, other forms of state aid ensured that capitalist firms got a head start, so ensuring their dominance over other forms of work (such as co-operatives). A major way of creating a pool of resources that could be used for investment was the use of mercantilist policies which used protectionist measures to enrich capitalists and landlords at the expense of consumers and their workers. For example, one of most common complaints of early capitalists was that workers could not turn up to work regularly. Once they had worked a few days, they disappeared as they had earned enough money to live on. With higher prices for food, caused by protectionist measures, workers had to work longer and harder and so became accustomed to factory labour. In addition, mercantilism allowed native industry to develop by barring foreign competition and so allowed industrialists to reap excess profits which they could then use to increase their investments. In the words of Marian-socialist economic historian Maurice Dobbs:

"In short, the Mercantile System was a system of State-regulated exploitation through trade which played a highly important rule in the adolescence of capitalist industry: it was essentially the economic policy of an age of primitive accumulation." [**Studies in Capitalism Development**, p. 209]

This process of state aid in capitalist development was also seen in the United States of America. As Edward Herman points out, the *"level of government involvement in business in the United States from the late eighteenth century to the present has followed a U-shaped pattern: There was extensive government intervention in the pre-Civil War period (major subsidies, joint ventures with active government participation and direct government production), then a quasi-laissez faire period between the Civil War and the end of the nineteenth century [a period marked by "the aggressive use of tariff protection" and state supported railway construction, a key factor in capitalist expansion in the USA], followed by a gradual upswing of government intervention in the twentieth century, which accelerated after 1930."* [**Corporate Control, Corporate Power**, p. 162]

Such intervention ensured that income was transferred from workers to capitalists. Under state protection, America industrialised by forcing the consumer to enrich the capitalists and increase their capital stock. *"According to one study, of the tariff had been removed in the 1830s 'about half the industrial sector of New England would have been bankrupted' . . . the tariff became a near-permanent political institution representing government assistance to manufacturing. It kept price levels from being driven down by foreign competition and thereby shifted the distribution of*

income in favour of owners of industrial property to the disadvantage of workers and customers." [Richard B. Du Boff, **Accumulation and Power**, p. 56]

This protection was essential, for as Du Boff notes, the *"end of the European wars in 1814 . . . reopened the United States to a flood of British imports that drove many American competitors out of business. Large portions of the newly expanded manufacturing base were wiped out, bringing a decade of near-stagnation."* Unsurprisingly, the *"era of protectionism began in 1816, with northern agitation for higher tariffs. . . "* [**Op. Cit.**, p. 14, p. 55]

Combined with ready repression of the labour movement and government "homesteading" acts (see section [F.8.5](#)), tariffs were the American equivalent of mercantilism (which, after all, was above all else a policy of protectionism, i.e. the use of government to stimulate the growth of native industry). Only once America was at the top of the economic pile did it renounce state intervention (just as Britain did, we must note).

This is **not** to suggest that government aid was limited to tariffs. The state played a key role in the development of industry and manufacturing. As John Zerzan notes, the *"role of the State is tellingly reflected by the fact that the 'armoury system' now rivals the older 'American system of manufactures' term as the more accurate to describe the new system of production methods"* developed in the early 1800s. [**Elements of Refusal**, p. 100] Moreover, the *"lead in technological innovation [during the US Industrial Revolution] came in armaments where assured government orders justified high fixed-cost investments in special-pursue machinery and managerial*

personnel. Indeed, some of the pioneering effects occurred in government-owned armouries." [William Lazonick, **Competitive Advantage on the Shop Floor**, p. 218] The government also *"actively furthered this process [of "commercial revolution"] with public works in transportation and communication.*" [Richard B. Du Boff, **Op. Cit.**, p. 15]

In addition to this "physical" aid, *"state government provided critical help, with devices like the chartered corporation"* [**Ibid.**] and, as we noted in section [B.2.5](#), changes in the legal system which favoured capitalist interests over the rest of society.

Interestingly, there was increasing inequality between 1840 and 1860 in the USA This coincided with the victory of wage labour and industrial capitalism -- the 1820s *"constituted a watershed in U.S. life. By the end of that decade . . . industrialism assured its decisive American victory, by the end of the 1830s all of its cardinal features were definitely present."* [John Zerzan, **Op. Cit.**, p. 99] This is unsurprising, for as we have argued many times, the capitalist market tends to increase, not reduce, inequalities between individuals and classes. Little wonder the Individualist Anarchists at the time denounced the way that property had been transformed into *"a power [with which] to accumulate an income"* (to use the words of J.K. Ingalls).

Over all, as Paul Ormerod puts it, the *"advice to follow pure free-market policies seems . . . to be contrary to the lessons of virtually the whole of economic history since the Industrial Revolution . . . every country which has moved into . . . strong sustained growth . . . has done so in outright violation of pure, free-market principles."*

"The model of entrepreneurial activity in the product market, with judicious state support plus repression in the labour market, seems to be a good model of economic development." [The Death of Economics, p. 63]

Thus the social forces at work creating capitalism was a combination of capitalist activity and state action. But without the support of the state, it is doubtful that capitalist activity would have been enough to generate the initial accumulation required to start the economic ball rolling. Hence the necessity of Mercantilism in Europe and its modified cousin of state aid, tariffs and "homestead acts" in America.

F.8.2 WHAT WAS THE SOCIAL CONTEXT OF THE STATEMENT "LAISSEZ-FAIRE?"

The honeymoon of interests between the early capitalists and autocratic kings did not last long. *"This selfsame monarchy, which for weighty reasons sought to further the aims of commercial capital and was. . . itself aided in its development by capital, grew at last into a crippling obstacle to any further development of European industry."* [Rudolf Rocker, **Op. Cit.**, p. 117]

This is the social context of the expression *"laissez-faire"* -- a system which has outgrown the supports that protected it in its early stages of growth. Just as children eventually rebel against the protection and rules of their parents, so the capitalists rebelled against the overbearing support of the absolutist state. Mercantilist policies favoured some industries and harmed the growth

of industrial capitalism in others. The rules and regulations imposed upon those it did favour reduced the flexibility of capitalists to changing environments. All in all, mercantilism became more of a hindrance than a help and so had to be replaced. With the growth of economic power by the capitalist class, this replacement was made easier.

Errico Malatesta notes, "*[t]he development of production, the vast expansion of commerce, the immeasurable power assumed by money . . . have guaranteed this supremacy [of economic power over the political power] to the capitalist class which, no longer content with enjoying the support of the government, demanded that government arise from its own ranks. A government which owed its origin to the right of conquest . . . though subject by existing circumstances to the capitalist class, went on maintaining a proud and contemptuous attitude towards its now wealthy former slaves, and had pretensions to independence of domination. That government was indeed the defender, the property owners' gendarme, but the kind of gendarmes who think they are somebody, and behave in an arrogant manner towards the people they have to escort and defend, when they don't rob or kill them at the next street corner; and the capitalist class got rid of it . . . [and replaced it] by a government [and state] . . . at all times under its control and specifically organised to defend that class against any possible demands by the disinherited.*" [Anarchy, pp. 19-20]

Malatesta here indicates the true meaning of "leave us alone," or "laissez-faire." The **absolutist** state (not "the state" per se) began to interfere with capitalists' profit-making activities and authority, so they determined that

it had to go -- as happened, for example, in the English, French and American revolutions. However, in other ways, state intervention in society was encouraged and applauded by capitalists. *"It is ironic that the main protagonists of the State, in its political and administrative authority, were the middle-class Utilitarians, on the other side of whose Statist banner were inscribed the doctrines of economic Laissez Faire"* [E.P. Thompson, **The Making of the English Working Class**, p. 90]. Capitalists simply wanted **capitalist** states to replace monarchical states, so that heads of government would follow state economic policies regarded by capitalists as beneficial to their class as a whole. And as development economist Lance Taylor argues:

"In the long run, there are no laissez-faire transitions to modern economic growth. The state has always intervened to create a capitalist class, and then it has to regulate the capitalist class, and then the state has to worry about being taken over by the capitalist class, but the state has always been there." [quoted by Noam Chomsky, **Year 501**, p. 104]

In order to attack mercantilism, the early capitalists had to ignore the successful impact of its policies in developing industry and a "store of wealth" for future economic activity. As William Lazonick points out, *"the political purpose of [Adam Smith's] the **Wealth of Nations** was to attack the mercantilist institutions that the British economy had built up over the previous two hundred years. . . In his attack on these institutions, Smith might have asked why the extent of the world market available to Britain in the late eighteenth century was so uniquely under British control. If Smith had*

asked this 'big question,' he might have been forced to grant credit for [it] . . . to the very mercantilist institutions he was attacking . . ." Moreover, he "might have recognised the integral relation between economic and political power in the rise of Britain to international dominance." Overall, "[w]hate the British advocates of laissez-faire neglected to talk about was the role that a system of national power had played in creating conditions for Britain to embark on its dynamic development path . . . They did not bother to ask how Britain had attained th[e] position [of 'workshop of the world'], while they conveniently ignored the on going system of national power - the British Empire -- that . . . continued to support Britain's position." [**Business Organisation and the Myth of the Market Economy**, p. 2, p. 3, p.5]

Similar comments are applicable to American supporters of laissez faire who fail to notice that the "traditional" American support for world-wide free trade is quite a recent phenomenon. It started only at the end of the Second World War (although, of course, **within** America military Keynesian policies were utilised). While American industry was developing, the country had no time for laissez-faire. After it had grown strong, the United States began preaching laissez-faire to the rest of the world -- and began to kid itself about its own history, believing its slogans about laissez-faire as the secret of its success. In addition to the tariff, nineteenth-century America went in heavily for industrial planning--occasionally under that name but more often in the name of national defence. The military was the excuse for what is today termed rebuilding infrastructure, picking winners, promoting research, and co-ordinating industrial growth (as it still is, we should add).

As Richard B. Du Boff points out, the "anti-state" backlash of the 1840s onwards in America was highly selective, as the general opinion was that "*[h]enceforth, if governments wished to subsidise private business operations, there would be no objection. But if public power were to be used to control business actions or if the public sector were to undertake economic initiatives on its own, it would run up against the determined opposition of private capital.*" [**Accumulation and Power**, p. 26] In other words, the state could aid capitalists indirectly (via tariffs, land policy, repression of the labour movement, infrastructure subsidy and so on) and it would "leave them alone" to oppress and exploit workers, exploit consumers, build their industrial empires and so forth.

So, the expression "laissez-faire" dates from the period when capitalists were objecting to the restrictions that helped create them in the first place. It has little to do with freedom as such and far more to do with the needs of capitalist power and profits (as Murray Bookchin argues, it is an error to depict this "*revolutionary era and its democratic aspirations as 'bourgeois,' an imagery that makes capitalism a system more committed to freedom, or even ordinary civil liberties, than it was historically*" [**From Urbanisation to Cities**, p. 180f]). Takis Fotopoulos, in his essay "*The Nation-state and the Market*", indicates that the social forces at work in "freeing" the market did not represent a "natural" evolution towards freedom:

"Contrary to what liberals and Marxists assert, marketisation of the economy was not just an evolutionary process, following the expansion of trade under mercantilism . . . modern [i.e. capitalist] markets

did not evolve out of local markets and/or markets for foreign goods . . . the nation-state, which was just emerging at the end of the Middle Ages, played a crucial role creating the conditions for the 'nationalisation' of the market . . . and . . . by freeing the market [i.e. the rich and proto-capitalists] from effective social control." [Society and Nature, Vol. 3, pp. 44-45]

The "freeing" of the market thus means freeing those who "own" most of the market (i.e. the wealthy elite) from "*effective social control*," but the rest of society was not as lucky. Peter Kropotkin makes a similar point in **Modern Science and Anarchism**, "*[w]hile giving the capitalist any degree of free scope to amass his wealth at the expense of the helpless labourers, the government has **nowhere** and **never**. . .afforded the labourers the opportunity 'to do as they pleased'.*" [Kropotkin's **Revolutionary Pamphlets**, p. 182]

The one essential form of support the "Libertarian" right wants the state (or "defence" firms) to provide capitalism is the enforcement of property rights -- the right of property owners to "do as they like" on their own property, which can have obvious and extensive social impacts. What "libertarian" capitalists object to is attempts by others -- workers, society as a whole, the state, etc. -- to interfere with the authority of bosses. That this is just the defence of privilege and power (and **not** freedom) has been discussed in [section B](#) and elsewhere in [section F](#), so we will not repeat ourselves here.

Samuel Johnson once observed that "*we hear the loudest yelps for liberty among the drivers of Negroes.*" Our modern "libertarian" capitalist drivers of wage-slaves are

yelping for exactly the same kind of "liberty" [Johnson quoted in Noam Chomsky, **Year 501**, p. 141].

F.8.3 WHAT OTHER FORMS DID STATE INTERVENTION IN CREATING CAPITALISM TAKE?

Beyond being a paymaster for new forms of production and social relations and defending the owners' power, the state intervened economically in other ways as well. As we noted in section [B.2.5](#), the state played a key role in transforming the law codes of society in a capitalistic fashion, ignoring custom and common law to do so. Similarly, the use of tariffs and the granting of monopolies to companies played an important role in accumulating capital at the expense of working people, as did the breaking of unions and strikes by force.

However, one of the most blatant of these acts was the enclosure of common land. In Britain, by means of the Enclosure Acts, land that had been freely used by poor peasants for farming their small family plots was claimed by large landlords as private property. As E.P. Thompson notes, *"Parliament and law imposed capitalist definitions to exclusive property in land"* [**Customs in Common**, p. 163]. Property rights, which exclusively favoured the rich, replaced the use rights and free agreement that had governed peasant's use of the commons. Unlike use rights, which rest in the individual, property rights require state intervention to create and maintain.

This stealing of the land should not be underestimated. Without land, you cannot live and have to sell your

liberty to others. This places those with capital at an advantage, which will tend to increase, rather than decrease, the inequalities in society (and so place the landless workers at an increasing disadvantage over time). This process can be seen from early stages of capitalism. With the enclosure of the land, an agricultural workforce was created which had to travel where the work was. This influx of landless ex-peasants into the towns ensured that the traditional guild system crumbled and was transformed into capitalistic industry with bosses and wage slaves rather than master craftsmen and their journeymen. Hence the enclosure of land played a key role, for *"it is clear that economic inequalities are unlikely to create a division of society into an employing master class and a subject wage-earning class, unless access to the means of production, including land, is by some means or another barred to a substantial section of the community."* [Maurice Dobbs, **Studies in Capitalist Development**, p. 253]

The importance of access to land is summarised by this limerick by the followers of Henry George (a 19th century writer who argued for a *"single tax"* and the nationalisation of land). The Georgites got their basic argument on the importance of land down these few, excellent lines:

*A college economist planned
To live without access to land
He would have succeeded
But found that he needed
Food, shelter and somewhere to stand.*

Thus the Individualist (and other) anarchists' concern over the *"land monopoly"* of which the Enclosure Acts

were but one part. The land monopoly, to use Tucker's words, "*consists in the enforcement by government of land titles which do not rest upon personal occupancy and cultivation.*" [The Anarchist Reader, p. 150] It is important to remember that wage labour first developed on the land and it was the protection of land titles of landlords and nobility, combined with enclosure, that meant people could not just work their own land.

In other words, the circumstances so created by enclosing the land and enforcing property rights to large estates ensured that capitalists did not have to point a gun at workers head to get them to work long hours in authoritarian, dehumanising conditions. In such circumstances, when the majority are dispossessed and face the threat of starvation, poverty, homelessness and so on, "initiation of force" is **not required**. But guns **were** required to enforce the system of private property that created the labour market in the first place, to enforce the enclosure of common land and protect the estates of the nobility and wealthy.

In addition to increasing the availability of land on the market, the enclosures also had the effect of destroying working-class independence. Through these Acts, innumerable peasants were excluded from access to their former means of livelihood, forcing them to migrate to the cities to seek work in the newly emerging factories of the budding capitalist class, who were thus provided with a ready source of cheap labour. The capitalists, of course, did not describe the results this way, but attempted to obfuscate the issue with their usual rhetoric about civilisation and progress. Thus John Bellers, a 17th-century supporter of enclosures, claimed that commons were "*a hindrance to Industry, and . . .*

Nurseries of Idleness and Insolence." The "forests and great Commons make the Poor that are upon them too much like the *indians*." [quoted by Thompson, **Op. Cit.**, p. 163] Elsewhere Thompson argues that the commons "were now seen as a dangerous centre of indiscipline . . . Ideology was added to self-interest. It became a matter of public-spirited policy for gentlemen to remove cottagers from the commons, reduce his labourers to dependence . . ." [**The Making of the English Working Class**, pp. 242-3]

The commons gave working-class people a degree of independence which allowed them to be "insolent" to their betters. This had to be stopped, as it undermined to the very roots of authority relationships within society. The commons **increased** freedom for ordinary people and made them less willing to follow orders and accept wage labour. The reference to "Indians" is important, as the independence and freedom of Native Americans is well documented. The common feature of both cultures was communal ownership of the means of production and free access to it (usufruct). This is discussed further in section I.7 ([Won't Libertarian Socialism destroy individuality?](#))

As the early American economist Edward Wakefield noted in 1833, "*where land is cheap and all are free, where every one who so pleases can easily obtain a piece of land for himself, not only is labour dear, as respects the labourer's share of the product, but the difficulty is to obtain combined labour at any price.*" [**England and America**, quoted by Jeremy Brecher and Tim Costello, **Commonsense for Hard Times**, p. 24]

The enclosure of the commons (in whatever form it took -- see section [F.8.5](#) for the US equivalent) solved both problems -- the high cost of labour, and the freedom and dignity of the worker. The enclosures perfectly illustrate the principle that capitalism requires a state to ensure that the majority of people do not have free access to any means of livelihood and so must sell themselves to capitalists in order to survive. There is no doubt that if the state had "left alone" the European peasantry, allowing them to continue their collective farming practices ("collective farming" because, as Kropotkin shows in **Mutual Aid**, the peasants not only shared the land but much of the farm labour as well), capitalism could not have taken hold (see **Mutual Aid**, pp. 184-189, for more on the European enclosures). As Kropotkin notes, "*[i]nstances of commoners themselves dividing their lands were rare, everywhere the State coerced them to enforce the division, or simply favoured the private appropriation of their lands*" by the nobles and wealthy. [**Mutual Aid**, p. 188]

Thus Kropotkin's statement that "*to speak of the natural death of the village community [or the commons] in virtue of economical law is as grim a joke as to speak of the natural death of soldiers slaughtered on a battlefield.*" [**Op. Cit.**, p. 189]

Like the more recent case of fascist Chile, "free market" capitalism was imposed on the majority of society by an elite using the authoritarian state. This was recognised by Adam Smith when he opposed state intervention in **The Wealth of Nations**. In Smith's day, the government was openly and unashamedly an instrument of wealth owners. Less than 10 per cent of British men (and no women) had the right to vote. When Smith opposed state

interference, he was opposing the imposition of wealth owners' interests on everybody else (and, of course, how "liberal", nevermind "libertarian", is a political system in which the many follow the rules and laws set-down in the so-called interests of all by the few? As history shows, any minority given, or who take, such power **will** abuse it in their own interests). Today, the situation is reversed, with neo-liberals and right libertarians opposing state interference in the economy (e.g. regulation of Big Business) so as to prevent the public from having even a minor impact on the power or interests of the elite.

The fact that "free market" capitalism always requires introduction by an authoritarian state should make all honest "Libertarians" ask: How "free" is the "free market"? And why, when it is introduced, do the rich get richer and the poor poorer? This was the case in Chile (see Section [C.11](#)). For the poverty associated with the rise of capitalism in England 200 years ago, E.P. Thompson's **The Making of the English Working Class** provides a detailed discussion. Howard Zinn's **A People's History of the United States** describes the poverty associated with 19th-century US capitalism.

F.8.4 AREN'T THE ENCLOSURES A SOCIALIST MYTH?

The short answer is no, they are not. While a lot of historical analysis has been spent in trying to deny the extent and impact of the enclosures, the simple fact is (in the words of noted historian E.P. Thompson) enclosure *"was a plain enough case of class robbery, played according to the fair rules of property and law laid down*

by a parliament of property-owners and lawyers." [**The Making of the English Working Class**, pp. 237-8]

The enclosures were one of the ways that the "*land monopoly*" was created. The land monopoly was used to refer to capitalist property rights and ownership of land by (among others) the Individualist Anarchists. Instead of an "*occupancy and use*" regime advocated by anarchists, the land monopoly allowed a few to bar the many from the land -- so creating a class of people with nothing to sell but their labour. While this monopoly is less important these days in developed nations (few people know how to farm) it was essential as a means of consolidating capitalism. Given the choice, most people preferred to become independent farmers rather than wage workers (see [next section](#)).

However, the importance of the enclosure movement is downplayed by supporters of capitalism. Little wonder, for it is something of an embarrassment for them to acknowledge that the creation of capitalism was somewhat less than "immaculate" -- after all, capitalism is portrayed as an almost ideal society of freedom. To find out that an idol has feet of clay and that we are still living with the impact of its origins is something pro-capitalists must deny. So **is** the enclosures a socialist myth? Most claims that it is flow from the work of the historian J.D. Chambers' famous essay "*Enclosures and the Labour Supply in the Industrial Revolution*." [**Economic History Review**, 2nd series, no. 5, August 1953] In this essay, Chambers attempts to refute Karl Marx's account of the enclosures and the role it played in what Marx called "*primitive accumulation*."

We cannot be expected to provide an extensive account of the debate that has raged over this issue. All we can do is provide a summary of the work of William Lazonick who presented an excellent reply to those who claim that the enclosures were an unimportant historical event. We are drawing upon his summary of his excellent essay "*Karl Marx and Enclosures in England*" [**Review of Radical Political Economy**, no. 6, Summer, 1974] which can be found in his books **Competitive Advantage on the Shop Floor** and **Business Organisation and the Myth of the Market Economy**. There are three main claims against the socialist account of the enclosures. We will cover each in turn.

Firstly, it is often claimed that the enclosures drove the uprooted cottager and small peasant into industry. However, this was never claimed. It is correct that the agricultural revolution associated with the enclosures **increased** the demand for farm labour as claimed by Chambers and others. And this is the whole point - enclosures created a pool of dispossessed labourers who had to sell their time/liberty to survive. The "*critical transformation was not the level of agricultural employment before and after enclosure but the changes in employment relations caused by the reorganisation of landholdings and the reallocation of access to land.*" [**Competitive Advantage on the Shop Floor**, p. 30] Thus the key feature of the enclosures was that it created a supply for farm labour, a supply that had no choice but to work for another. This would drive down wages and increase demand. Moreover, freed from the land, these workers could later move to the towns in search for better work.

Secondly, it is argued that the number of small farm owners increased, or at least did not greatly decline, and so the enclosure movement was unimportant. Again, this misses the point. Small farm owners can still employ wage workers (i.e. become capitalist farmers as opposed to "yeomen" -- independent peasant proprietor). As Lazonick notes, "*[i]t is true that after 1750 some petty proprietors continued to occupy and work their own land. But in a world of capitalist agriculture, the yeomanry no longer played an important role in determining the course of capitalist agriculture. As a social class that could influence the evolution of British economy society, the yeomanry had disappeared.*" [**Op. Cit.**, p. 32]

Thirdly, it is often claimed that it was population growth, rather than enclosures, that caused the supply of wage workers. So was population growth more important than enclosures? Maurice Dobbs argues that "*the centuries in which a proletariat was most rapidly recruited were apt to be those of slow rather than of rapid natural increase of population, and the paucity or plenitude of a labour reserve in different countries was not correlated with comparable difference in their rates of population-growth.*" [Maurice Dobbs, **Studies in Capitalist Development**, p. 223] Moreover, the population argument ignores the question of whether the changes in society caused by enclosures and the rise of capitalism have an impact on the observed trends towards earlier marriage and larger families after 1750. Lazonick argues that "*[t]here is reason to believe that they did.*" [**Op. Cit.**, p. 33] Also, of course, the use of child labour in the factories created an economic incentive to have more children, an incentive created by the developing capitalist system. Overall, Lazonick notes that "*[t]o*

argue that population growth created the industrial labour supply is to ignore these momentous social transformations" associated with the rise of capitalism [Business Organisation and the Myth of the Market Economy, p. 273].

In other words, there is good reason to think that the enclosures, far from being some kind of socialist myth, in fact played a key role in the development of capitalism. As Lazonick himself notes, "*Chambers misunderstood" "the argument concerning the 'institutional creation' of a proletarianised (i.e. landless) workforce. Indeed, Chamber's own evidence and logic tend to support the Marxian [and anarchist!] argument, when it is properly understood."* [Op. Cit., p. 273]

F.8.5 WHAT ABOUT THE LACK OF ENCLOSURES IN THE AMERICAS?

The enclosure movement was but one way of creating the "*land monopoly*" which ensured the creation of a working class. The circumstances facing the ruling class in the Americas were distinctly different than in the Old World and so the "*land monopoly*" took a different form there. In the Americas, enclosures were unimportant as customary land rights did not really exist. Here the problem was that (after the original users of the land were eliminated, of course) there were vast tracks of land were available for people to use.

Unsurprisingly, there was a movement towards independent farming and this pushed up the price of labour, by reducing the supply. Capitalists found it

difficult to find workers willing to work for them at wages low enough to provide them with sufficient profits. It was due the difficulty in finding cheap enough labour that capitalists in America turned to slavery. All things being equal, wage labour **is** more productive than slavery. But in early America all things were **not** equal. Having access to cheap (indeed, free) land meant that working people had a choice, and few desired to become wage slaves. Because of this, capitalists turned to slavery in the South and the "land monopoly" in the North and West.

This was because, in the words of Maurice Dobbs, it *"became clear to those who wished to reproduce capitalist relations of production in the new country that the foundation-stone of their endeavour must be the restriction of land-ownership to a minority and the exclusion of the majority from any share in [productive] property."* [**Studies in Capitalist Development**, pp. 221-2] As one radical historian puts it, *"[w]hen land is 'free' or 'cheap'. as it was in different regions of the United States before the 1830s, there was no compulsion for farmers to introduce labour-saving technology. As a result, 'independent household production' . . . hindered the development of capitalism . . . [by] allowing large portions of the population to escape wage labour."* [Charlie Post, *"The 'Agricultural Revolution' in the United States"*, pp. 216-228, **Science and Society**, vol. 61, no. 2, p. 221]

It was precisely this option (i.e. of independent production) that had to be destroyed in order for capitalist industry to develop. The state had to violate the holy laws of "supply and demand" by controlling the access to land in order to ensure the normal workings of

"supply and demand" in the labour market (i.e. that the bargaining position on the labour market favoured employer over employee). Once this situation became the typical one (i.e. when the option of self-employment was effectively eliminated) a (protectionist based) "laissez-faire" approach could be adopted and state action used only to protect private property from the actions of the dispossessed.

So how was this transformation of land ownership achieved?

Instead of allowing settlers to appropriate their own farms as was the case before the 1830s, the state stepped in once the army had cleared out the original users. Its first major role was to enforce legal rights of property on unused land. Land stolen from the Native Americans was sold at auction to the highest bidders, namely speculators, who then sold it on to farmers. This process started right *"after the revolution, [when] huge sections of land were bought up by rich speculators"* and their claims supported by the law [Howard Zinn, **A People's History of the United States**, p. 125] Thus land which should have been free was sold to land-hungry farmers and the few enriched themselves at the expense of the many. Not only did this increase inequality within society, it also encouraged the development of wage labour -- having to pay for land would have ensured that many immigrants remained on the East Coast until they had enough money. Thus a pool of people with little option but to sell their labour was increased due to state protection of unoccupied land. That the land usually ended up in the hands of farmers did not (could not) countermand the shift in class forces that this policy created.

This was also the essential role of the various "Homesteading Acts" and, in general, the *"Federal land law in the 19th century provided for the sale of most of the public domain at public auction to the higher bidder . . . Actual settlers were forced to buy land from speculators, at prices considerably above the federal minimal price"* (which few people could afford anyway) [Charlie Post, **Op. Cit.**, p. 222]. Little wonder the Individualist Anarchists supported an *"occupancy and use"* system of land ownership as a key way of stopping capitalist and landlord usury as well as the development of capitalism itself.

This change in the appropriation of land had significant effects on agriculture and the desirability of taking up farming for immigrants. As Post notes, *"[w]hen the social conditions for obtaining and maintaining possession of land change, as they did in the midwest between 1830 and 1840, pursuing the goal of preserving [family ownership and control] . . . produced very different results. In order to pay growing mortgages, debts and taxes, family farmers were compelled to specialise production toward cash crops and to market more and more of their output."* [**Op. Cit.**, p. 221-2]

So, in order to pay for land which was formerly free, farmers got themselves into debt and increasingly turned to the market to pay it off. Thus, the *"Federal land system, by transforming land into a commodity and stimulating land speculation, made the midwestern farmers dependent upon markets for the continual possession of their farms."* [Charlie Post, **Op. Cit.**, p. 223] Once on the market, farmers had to invest in new machinery and this also got them into debt. In the face of a bad harvest or market glut, they could not repay their

loans and their farms had to be sold to do so. By 1880, 25% of all farms were rented by tenants, and the numbers kept rising.

This means that Murray Rothbard's comments that "*once the land was purchased by the settler, the injustice disappeared*" are nonsense -- the injustice was transmitted to other parts of society and this, along with the legacy of the original injustice, lived on and helped transform society towards capitalism [**The Ethics of Liberty**, p. 73]. In addition, his comments about "*the establishment in North America of a truly libertarian land system*" would be one the Individualist Anarchists would have seriously disagreed with! [**Ibid.**]

Thus state action, in restricting free access to the land, ensured that workers were dependent on wage labour. In addition, the "*transformation of social property relations in northern agriculture set the stage for the 'agricultural revolution' of the 1840s and 1850s . . . [R]ising debts and taxes forced midwestern family farmers to compete as commodity producers in order to maintain their land-holding . . . The transformation . . . was the central precondition for the development of industrial capitalism in the United States.*" [**Ibid.**, p. 226]

In addition to seizing the land and distributing it in such a way as to benefit capitalist industry, the "*government played its part in helping the bankers and hurting the farmers; it kept the amount of money - based in the gold supply - steady while the population rose, so there was less and less money in circulation. The farmer had to pay off his debts in dollars that were harder to get. The bankers, getting loans back, were getting dollars worth more than when they loaned them out - a kind of interest*

on top of interest. That was why . . . farmers' movements [like the Individualist Anarchists, we must add] . . . [talked about] putting more money in circulation."
[Howard Zinn, **Op. Cit.**, p. 278]

Overall, therefore, state action ensured the transformation of America from a society of independent workers to a capitalist one. By creating and enforcing the "land monopoly" (of which state ownership of unoccupied land and its enforcement of landlord rights were the most important) the state ensured that the balance of class forces tipped in favour of the capitalist class. By removing the option of farming your own land, the US government created its own form of enclosure and the creation of a landless workforce with little option but to sell its liberty on the "free market". This, combined with protectionism, ensured the transformation of American society from a pre-capitalist one into a capitalist one. They was nothing "natural" about it.

Little wonder the Individualist Anarchist J.K. Ingalls attacked the "land monopoly" in the following words:

"The earth, with its vast resources of mineral wealth, its spontaneous productions and its fertile soil, the free gift of God and the common patrimony of mankind, has for long centuries been held in the grasp of one set of oppressors by right of conquest or right of discovery; and it is now held by another, through the right of purchase from them. All of man's natural possessions . . . have been claimed as property; nor has man himself escaped the insatiate jaws of greed. The invasion of his rights and possessions has resulted . . . in clothing property with a power to accumulate an income."

[quoted by James Martin, **Men Against the State**, p. 142]

F.8.6 HOW DID WORKING PEOPLE VIEW THE RISE OF CAPITALISM?

The best example of how hated capitalism was can be seen by the rise and spread of the socialist movement, in all its many forms, across the world. It is no coincidence that the development of capitalism also saw the rise of socialist theories. However, in order to fully understand how different capitalism was from previous economic systems, we will consider early capitalism in the US, which for many "Libertarians" is **the** example of the "capitalism-equals-freedom" argument.

Early America was pervaded by artisan production -- individual ownership of the means of production. Unlike capitalism, this system is **not** marked by the separation of the worker from the means of life. Most people did not have to work for another, and so did not. As Jeremy Brecher notes, in 1831 the *"great majority of Americans were farmers working their own land, primarily for their own needs. Most of the rest were self-employed artisans, merchants, traders, and professionals. Other classes - employees and industrialists in the North, slaves and planters in the South - were relatively small. The great majority of Americans were independent and free from anybody's command."* [Strike!, p. xxi] These conditions created the high cost of combined (wage) labour which ensured the practice of slavery existed.

However, toward the middle of the 19th century the economy began to change. Capitalism began to be imported into American society as the infrastructure was improved, which allowed markets for manufactured goods to grow. Soon, due to (state-supported) capitalist competition, artisan production was replaced by wage labour. Thus "evolved" modern capitalism. Many workers understood, resented, and opposed their increasing subjugation to their employers (*"the masters"*, to use Adam Smith's expression), which could not be reconciled with the principles of freedom and economic independence that had marked American life and sunk deeply into mass consciousness during the days of the early economy. In 1854, for example, a group of skilled piano makers wrote that *"the day is far distant when they [wage earners] will so far forget what is due to manhood as to glory in a system forced upon them by their necessity and in opposition to their feelings of independence and self-respect. May the piano trade be spared such exhibitions of the degrading power of the day [wage] system."* [quoted by Brecher and Costello, **Common Sense for Hard Times**, p. 26]

Clearly the working class did not consider working for a daily wage, in contrast to working for themselves and selling their own product, to be a step forward for liberty or individual dignity. The difference between selling the product of one's labour and selling one's labour (i.e. oneself) was seen and condemned (*"[w]hen the producer . . . sold his product, he retained himself. But when he came to sell his labour, he sold himself . . . the extension [of wage labour] to the skilled worker was regarded by him as a symbol of a deeper change"* [Norman Ware, **The Industrial Worker, 1840-1860**, p. xiv]). Indeed, one group of workers argued that they were *"slaves in*

*the strictest sense of the word" as they had "to toil from the rising of the sun to the going down of the same for our masters - aye, masters, and for our daily bread" [Quoted by Ware, **Op. Cit.**, p. 42] and another argued that "the factory system contains in itself the elements of slavery, we think no sound reasoning can deny, and everyday continues to add power to its incorporate sovereignty, while the sovereignty of the working people decreases in the same degree." [quoted by Brecher and Costello, **Op. Cit.**, p. 29]*

Almost as soon as there were wage workers, there were strikes, machine breaking, riots, unions and many other forms of resistance. John Zerzan's argument that there was a *"relentless assault on the worker's historical rights to free time, self-education, craftsmanship, and play was at the heart of the rise of the factory system"* is extremely accurate [**Elements of Refusal**, p. 105]. And it was an assault that workers resisted with all their might. In response to being subjected to the "law of value," workers rebelled and tried to organise themselves to fight the powers that be and to replace the system with a co-operative one. As the printer's union argued, *"[we] regard such an organisation [a union] not only as an agent of immediate relief, but also as an essential to the ultimate destruction of those unnatural relations at present subsisting between the interests of the employing and the employed classes. . . .[W]hen labour determines to sell itself no longer to speculators, but to become its own employer, to own and enjoy itself and the fruit thereof, the necessity for scales of prices will have passed away and labour will be forever rescued from the control of the capitalist."* [quoted by Brecher and Costello, **Op. Cit.**, pp. 27-28]

Little wonder, then, why wage labourers considered capitalism as a form of "slavery" and why the term "wage slavery" became so popular in the anarchist movement. It was just reflecting the feelings of those who experienced the wages system at first hand and joined the socialist and anarchist movements. As labour historian Norman Ware notes, the *"term 'wage slave' had a much better standing in the forties [of the 19th century] than it has today. It was not then regarded as an empty shibboleth of the soap-box orator. This would suggest that it has suffered only the normal degradation of language, has become a **cliche**, not that it is a grossly misleading characterisation."* [Op. Cit., p. xvf]

These responses of workers to the experience of wage labour is important to show that capitalism is by no means "natural." The fact is the first generation of workers tried to avoid wage labour is at all possible as they hated the restrictions of freedom it imposed upon them. They were perfectly aware that wage labour was wage slavery -- that they were decidedly **unfree** during working hours and subjected to the will of another. While many working people now are accustomed to wage labour (while often hating their job) the actual process of resistance to the development of capitalism indicates well its inherently authoritarian nature. Only once other options were closed off and capitalists given an edge in the "free" market by state action did people accept and become accustomed to wage labour.

Opposition to wage labour and factory fascism was/is widespread and seems to occur wherever it is encountered. *"Research has shown"*, summarises William Lazonick, *"that the 'free-born Englishman' of the eighteenth century - even those who, by force of*

circumstance, had to submit to agricultural wage labour - tenaciously resisted entry into the capitalist workshop."
[**Business Organisation and the Myth of the Market Economy**, p. 37]

Far from being a "natural" development, then, capitalism was imposed on a society of free and independent people by state action. Those workers alive at the time viewed it as "*unnatural relations*" and organised to overcome it. These feelings and hopes still exist, and will continue to exist until such time as we organise and "*abolish the wage system*" (to quote the IWW preamble) and the state that supports it.

F.8.7 WHY IS THE HISTORY OF CAPITALISM IMPORTANT?

Simply because it provides us with an understanding of whether that system is "natural" and whether it can be considered as just and free. If the system was created by violence, state action and other unjust means then the apparent "freedom" which we currently face within it is a fraud, a fraud masking unnecessary and harmful relations of domination, oppression and exploitation. Moreover, by seeing how capitalist relationships were viewed by the first generation of wage slaves reminds us that just because many people have adjusted to this regime and consider it as normal (or even natural) it is nothing of the kind.

Murray Rothbard is well aware of the importance of history. He considered the "*moral indignation*" of socialism arises from the argument "*that the capitalists have stolen the rightful property of the workers, and*

therefore that existing titles to accumulated capital are unjust." He argues that given *"this hypothesis, the remainder of the impetus for both Marxism and anarchosyndicalism follow quote logically."* [**The Ethics of Liberty**, p. 52]

So some right-libertarians are aware that the current property owners have benefited extensively from violence and state action in the past. Murray Rothbard argues (in **The Ethics of Liberty**, p. 57) that if the just owners cannot be found for a property, then the property simply becomes again unowned and will belong to the first person to appropriate and utilise it. If the current owners are not the actual criminals then there is no reason at all to dispossess them of their property; if the just owners cannot be found then they may keep the property as the first people to use it (of course, those who own capital and those who use it are usually different people, but we will ignore this obvious point).

Thus, since all original owners and the originally dispossessed are long dead nearly all current title owners are in just possession of their property except for recently stolen property. The principle is simple, dispossess the criminals, restore property to the dispossessed if they can be found otherwise leave titles where they are (as Native American tribes owned the land **collectively** this could have an interesting effect on such a policy in the USA. Obviously tribes that were wiped out need not apply, but would such right-libertarian policy recognise such collective, non-capitalist ownership claims? We doubt it, but we could be wrong -- the Libertarian Party Manifesto states that their "just" property rights will be restored. And who defines "just"? And given that unclaimed federal land

will be given to Native Americans, its seems pretty likely that the **original** land will be left alone).

Of course, that this instantly gives an advantage to the wealthy on the new "pure" market is not mentioned. The large corporations that, via state protection and support, built their empires and industrial base will still be in an excellent position to continue to dominate the market. Wealthy land owners, benefiting from the effects of state taxation and rents caused by the "land monopoly" on farmstead failures, will keep their property. The rich will have a great initial advantage and this may be more than enough to maintain them in there place. After all, exchanges between worker and owner tend to reinforce existing inequalities, **not** reduce them (and as the owners can move their capital elsewhere or import new, lower waged, workers from across the world, its likely to stay that way).

So Rothbard's "solution" to the problem of past force seems to be (essentially) a justification of existing property titles and not a serious attempt to understand or correct past initiations of force that have shaped society into a capitalist one and still shape it today. The end result of his theory is to leave things pretty much as they are, for the past criminals are dead and so are their victims.

However, what Rothbard fails to note is that the **results** of this state action and coercion are still with us. He totally fails to consider that the theft of productive wealth has a greater impact on society than the theft itself. The theft of **productive** wealth shapes society in so many ways that **all** suffer from it (including current

generations). This (the externalities generated by theft) cannot be easily undone by individualistic "solutions".

Let us take an example somewhat more useful than the one Rothbard uses (namely, a stolen watch). A watch cannot really be used to generate wealth (although if I steal a watch, sell it and buy a winning lottery ticket, does that mean I can keep the prize after returning the money value of your watch to you? Without the initial theft, I would not have won the prize but obviously the prize money far exceeds the amount stolen. Is the prize money mine?). Let us take a tool of production rather than a watch.

Let assume a ship sinks and 50 people get washed ashore on an island. One woman has foresight to take a knife from the ship and falls unconscious on the beach. A man comes along and steals her knife. When the woman awakes she cannot remember if she had managed to bring the knife ashore with her or not. The man maintains that he brought it with him and no one else saw anything. The survivors decide to split the island equally between them and work it separately, exchanging goods via barter.

However, the man with the knife has the advantage and soon carves himself a house and fields from the wilderness. Seeing that they need the knife and the tools created by the knife to go beyond mere existing, some of the other survivors hire themselves to the knife owner. Soon he is running a surplus of goods, including houses and equipment which he decides to hire out to others. This surplus is then used to tempt more and more of the other islanders to work for him, exchanging their land in return for the goods he provides. Soon he owns the

whole island and never has to work again. His hut is well stocked and extremely luxurious. His workers face the option of following his orders or being fired (i.e. expelled from the island and so back into the water and certain death). Later, he dies and leaves his knife to his son. The woman whose knife it originally was had died long before, childless.

Note that the theft did not involve taking any land. All had equal access to it. It was the initial theft of the knife which provided the man with market power, an edge which allowed him to offer the others a choice between working by themselves or working for him. By working for him they did "benefit" in terms of increased material wealth (and also made the thief better off) but the accumulate impact of unequal exchanges turned them into the effective slaves of the thief.

Now, would it **really** be enough to turn the knife over to the whoever happened to be using it once the theft was discovered (perhaps the thief made a death-bed confession). Even if the woman who had originally taken it from the ship been alive, would the return of the knife **really** make up for the years of work the survivors had put in enriching the the thief or the "voluntary exchanges" which had resulted in the thief owning all the island? The equipment people use, the houses they live in and the food they eat are all the product of many hours of collective work. Does this mean that the transformation of nature which the knife allowed remain in the hands of the descendants of the thief or become the collective property of all? Would dividing it equally between all be fair? Not everyone worked equally hard to produce it. So we have a problem -- the result of the

initial theft is far greater than the theft considered in isolation due to the productive nature of what was stolen.

In other words, what Rothbard ignores in his attempt to undermine anarchist use of history is that when the property stolen is of a productive nature, the accumulative effect of its use is such as to affect all of society. Productive assets produce **new** property, **new** values, create a **new** balance of class forces, **new** income and wealth inequalities and so on. This is because of the **dynamic** nature of production and human life. When the theft is such that it creates accumulative effects after the initial act, it is hardly enough to say that it does not really matter any more. If a nobleman invests in a capitalist firm with the tribute he extracted from his peasants, then (once the firm starts doing well) sells the land to the peasants and uses that money to expand his capitalist holdings, does that **really** make everything all right? Does not the crime transmit with the cash? After all, the factory would not exist without the prior exploitation of the peasants.

In the case of actually existing capitalism, born as it was of extensive coercive acts, the resultant of these acts have come to shape the **whole** society. For example, the theft of common land (plus the enforcement of property rights -- the land monopoly -- to vast estates owned by the aristocracy) ensured that working people had no option to sell their labour to the capitalists (rural or urban). The terms of these contracts reflected the weak position of the workers and so capitalists extracted surplus value from workers and used it to consolidate their market position and economic power. Similarly, the effect of mercantilist policies (and protectionism) was to

enrich the capitalists at the expense of workers and allow them to build industrial empires.

The accumulative effect of these acts of violation of a "free" market was to create a class society wherein most people "consent" to be wage slaves and enrich the few. While those who suffered the impositions are long gone and the results of the specific acts have multiplied and magnified well beyond their initial form. And we are still living with them. In other words, the initial acts of coercion have been transmitted and transformed by collective activity (wage labour) into society-wide affects.

Rothbard argues in the situation where the descendants (or others) of those who initially tilled the soil and their aggressors (*"or those who purchased their claims"*) still extract *"tribute from the modern tillers"* that this is a case of *"continuing aggression against the true owners"*. This means that *"the land titles should be transferred to the peasants, without compensation to the monopoly landlords."* [Op. Cit., p. 65] But what he fails to note is that the extracted "tribute" could have been used to invest in industry and transform society. Why ignore what the "tribute" has been used for? Does stolen property not remain stolen property after it has been transferred to another? And if the stolen property is used to create a society in which one class has to sell their liberty to another, then surely any surplus coming from those exchanges are also stolen (as it was generated directly and indirectly by the theft).

Yes, anarchist agree with Rothbard -- peasants should take the land they use but which is owned by another. But this logic can equally be applied to capitalism.

Workers are still living with the effects of past initiations of force and capitalists still extract "tribute" from workers due to the unequal bargaining powers within the labour market that this has created. The labour market, after all, was created by state action (directly or indirectly) and is maintained by state action (to protect property rights and new initiations of force by working people). The accumulative effects of stealing productive resources as been to increase the economic power of one class compared to another. As the victims of these past abuses are long gone and attempts to find their descendants meaningless (because of the generalised effects the thefts in question), anarchists feel we are justified in demanding the "*expropriation of the expropriators*".

Due to Rothbard's failure to understand the dynamic and generalising effects that result from the theft of productive resources (i.e. externalities that occur from coercion of one person against a specific set of others) and the creation of a labour market, his attempt to refute anarchist analysis of the history of "actually existing capitalism" also fails. Society is the product of collective activity and should belong to us all (although whether and how we divide it up is another question).

F.9 IS MEDIEVAL ICELAND AN EXAMPLE OF "ANARCHO"-CAPITALISM WORKING IN PRACTICE?

Ironically, medieval Iceland is a good example of why "anarcho"-capitalism will **not** work, degenerating into de facto rule by the rich. It should be pointed out first that Iceland, nearly 1,000 years ago, was not a capitalistic system. In fact, like most cultures claimed by "anarcho"-capitalists as examples of their "utopia," it was a communal, not individualistic, society, based on artisan production, with extensive communal institutions as well as individual "ownership" (i.e. use) and a form of social self-administration, the **thing** -- both local and Iceland-wide -- which can be considered a "primitive" form of the anarchist communal assembly.

As William Ian Miller points out "*[p]eople of a communitarian nature. . . have reason to be attracted [to Medieval Iceland]. . . the limited role of lordship, the active participation of large numbers of free people . . . in decision making within and without the homestead. The economy barely knew the existence of markets. Social relations preceded economic relations. The nexus of household, kin, Thing, even enmity, more than the nexus of cash, bound people to each other. The lack of extensive economic differentiation supported a weakly differentiated class system . . . [and material] deprivations were more evenly distributed than they would be once state institutions also had to be maintained.*" [**Bloodtaking and Peacemaking: Feud, Law and Society in Saga Iceland**, p. 306]

Kropotkin in **Mutual Aid** indicates that Norse society, from which the settlers in Iceland came, had various "mutual aid" institutions, including communal land ownership (based around what he called the "*village community*") and the **thing** (see also Kropotkin's **The State: Its Historic Role** for a discussion of the "village community"). It is reasonable to think that the first settlers in Iceland would have brought such institutions with them and Iceland did indeed have its equivalent of the commune or "village community," the **Hreppar**, which developed early in the country's history. Like the early local assemblies, it is not much discussed in the Sagas but is mentioned in the law book, the Grágás, and was composed of a minimum of twenty farms and had a five member commission. The Hreppar was self-governing and, among other things, was responsible for seeing that orphans and the poor within the area were fed and housed. The Hreppar also served as a property insurance agency and assisted in case of fire and losses due to diseased livestock. The Hreppar may have also have organised and controlled summer grazing lands (which in turn suggests "commons" -- i.e. common land - of some kind).

Thus Icelandic society had a network of solidarity, based upon communal life. In practice this meant that *"each commune was a mutual insurance company, or a miniature welfare state. And membership in the commune was not voluntary. Each farmer had to belong to the commune in which his farm was located and to contribute to its needs."* [Gissurarson quoted by Birgit T. Runolfsson Solvason, **Ordered Anarchy, State and Rent-Seeking: The Icelandic Commonwealth, 930-1262**] However, unlike an anarchist society, the

Icelandic Commonwealth did not allow farmers **not** to join its communes.

Therefore, the Icelandic Commonwealth can hardly be claimed in any significant way as an example of "anarcho"-capitalism in practice. This can also be seen from the early economy, where prices were subject to popular judgement at the **skuldaping** ("payment-thing") **not** supply and demand. [Kirsten Hastrup, **Culture and History in Medieval Iceland**, p. 125] Indeed, with its communal price setting system in local assemblies, the early Icelandic commonwealth was more similar to Guild Socialism (which was based upon guild's negotiating "just prices" for goods and services) than capitalism. Therefore Miller correctly argues that it would be wrong to impose capitalist ideas and assumptions onto Icelandic society:

"Inevitably the attempt was made to add early Iceland to the number of regions that socialised people in nuclear families within simple households. . . what the sources tell us about the shape of Icelandic householding must compel a different conclusion." [Op. Cit., p. 112]

In other words, Kropotkin's analysis of communal society is far closer to the reality of Medieval Iceland than David Friedman's attempt in **The Machinery of Freedom** to turn it into a capitalist utopia.

However, the communal nature of Icelandic society also co-existed (as in most such cultures) with hierarchical institutions, including some with capitalistic elements, namely private property and "private states" around the local **godar**. The godar were local chiefs who also took the role of religious leaders. As the **Encyclopaedia**

Britannica explains, *"a kind of local government was evolved [in Iceland] by which the people of a district who had most dealings together formed groups under the leadership of the most important or influential man in the district" (the godi). The godi "acted as judge and mediator" and "took a lead in communal activities" such as building places of worship. These "local assemblies. . . are heard of before the establishment of the althing" (the national thing). This althing led to co-operation between the local assemblies.*

Therefore we see communal self-management in a basic form, **plus** co-operation between communities as well. These communistic, mutual-aid features exist in many non-capitalist cultures and are often essential for ensuring the people's continued freedom within those cultures (section [B.2.5](#) on why the wealthy undermine these popular *"folk-motes"* in favour of centralisation). Usually, the existence of private property (and so inequality) soon led to the destruction of communal forms of self-management (with participation by all male members of the community as in Iceland), which are replaced by the rule of the rich.

While such developments are a commonplace in most "primitive" cultures, the Icelandic case has an unusual feature which explains the interest it provokes in "anarcho"-capitalist circles. This feature was that individuals could seek protection from any godi. As the **Encyclopaedia Britannica** puts it, *"the extent of the godord [chieftancy] was not fixed by territorial boundaries. Those who were dissatisfied with their chief could attach themselves to another godi. . . As a result rivalry arose between the godar [chiefs]; as may be seen from the Icelandic Sagas."* It is these Sagas on which

David Friedman (in **The Machinery of Freedom**) bases his claim that Medieval Iceland is a working example of "anarcho" capitalism.

Hence we can see that artisans and farmers would seek the "protection" of a godi, providing their labour in return. These godi would be subject to "market forces," as dissatisfied individuals could affiliate themselves to other godi. This system, however, had an obvious (and fatal) flaw. As the **Encyclopaedia Britannica** points out:

"The position of the godi could be bought and sold, as well as inherited; consequently, with the passing of time, the godord for large areas of the country became concentrated in the hands of one man or a few men. This was the principal weakness of the old form of government: it led to a struggle of power and was the chief reason for the ending of the commonwealth and for the country's submission to the King of Norway."

It was the existence of these hierarchical elements in Icelandic society that explain its fall from anarchistic to statist society. As Kropotkin argued *"from chieftainship sprang on the one hand the State and on the other private property."* [**Act for Yourselves**, p. 85] Kropotkin's insight that chieftainship is a transitional system has been confirmed by anthropologists studying "primitive" societies. They have come to the conclusion that societies made up of chieftainships or chiefdoms are not states: *"Chiefdoms are neither stateless nor state societies in the fullest sense of either term: they are on the borderline between the two. Having emerged out of stateless systems, they give the impression of being on their way to centralised states and exhibit characteristics*

of both." [Y. Cohen quoted by Birgit T. Runolfsson Solvason, **Op. Cit.**] Since the Commonwealth was made up of chiefdoms, this explains the contradictory nature of the society - it was in the process of transition, from anarchy to statism, from a communal economy to one based on private property.

The **political** transition within Icelandic society went hand in hand with an **economic** transition (both tendencies being mutually reinforcing). Initially, when Iceland was settled, large-scale farming based on extended households with kinsmen was the dominant economic mode. This semi-communal mode of production changed as the land was divided up (mostly through inheritance claims) between the 10th and 11th centuries. This new economic system based upon individual **possession** and artisan production was then slowly displaced by tenant farming, in which the farmer worked for a landlord, starting in the late 11th century. This economic system (based on a form of wage labour, i.e. capitalistic production) ensured that "*great variants of property and power emerged.*" [Kirsten Hastrup, **Culture and History in Medieval Iceland**, pp. 172-173] During the 12th century wealth concentrated into fewer and fewer hands and by its end an elite of around 6 wealthy and powerful families had emerged.

During this evolution in ownership patterns and the concentration of wealth and power into the hands of a few, we should note that the godi's and wealthy landowners' attitude to profit making also changed, with market values starting to replace those associated with honour, kin, and so on. Social relations became replaced by economic relations and the nexus of household, kin and Thing was replaced by the nexus of cash and profit.

The rise of capitalistic social relationships in production and values within society was also reflected in exchange, with the local marketplace, with its pricing "*subject to popular judgement*" being "*subsumed under central markets.*" [Ibid., p. 225]

With a form of wage labour being dominant within society, it is not surprising that great differences in wealth started to appear. Also, as protection did not come free, it is not surprising that a godi tended to become rich also. This would enable him to enlist more warriors, which gave him even more social power (in Kropotkin's words, "*the individual accumulation of wealth and power*"). Powerful godi would be useful for wealthy landowners when disputes over land and rent appeared, and wealthy landowners would be useful for a godi when feeding his warriors. Production became the means of enriching the already wealthy, with concentrations of wealth producing concentrations of social and political power (and vice versa). Kropotkin's general summary of the collapse of "barbarian" society into statism seems applicable here - "*after a hard fight with bad crops, inundations and pestilences, [farmers]. . . began to repay their debts, they fell into servile obligations towards the protector of the territory. Wealth undoubtedly did accumulate in this way, and power always follows wealth.*" [Mutual Aid, p. 131]

The transformation of **possession** into **property** and the resulting rise of hired labour was a **key** element in the accumulation of wealth and power, and the corresponding decline in liberty among the farmers. Moreover, with hired labour springs dependency -- the worker is now dependent on good relations with their landlord in order to have access to the land they need.

With such reductions in the independence of part of Icelandic society, the undermining of self-management in the various Things was also likely as labourers could not vote freely as they could be subject to sanctions from their landlord for voting the "wrong" way. Thus hierarchy within the economy would spread into the rest of society, and in particular its social institutions, reinforcing the effects of the accumulation of wealth and power.

The resulting classification of Icelandic society played a key role in its move from relative equality and anarchy to a class society and statism. As Millar points out:

"as long as the social organisation of the economy did not allow for people to maintain retinues, the basic egalitarian assumptions of the honour system. . . were reflected reasonably well in reality. . . the mentality of hierarchy never fully extricated itself from the egalitarian ethos of a frontier society created and recreated by juridically equal farmers. Much of the egalitarian ethic maintained itself even though it accorded less and less with economic realities. . . by the end of the commonwealth period certain assumptions about class privilege and expectations of deference were already well enough established to have become part of the lexicon of self-congratulation and self-justification."
[Op. Cit., pp. 33-4]

This process in turn accelerated the destruction of communal life and the emergence of statism, focused around the godord. In effect, the godi and wealthy farmers became rulers of the country and *"the old form of government became modified in the course of time."* This change from a communalistic, anarchistic society to

a statist, propertarian one can also be seen from this quote from an article on Iceland by Hallberg Hallmundsson in the **Encyclopaedia Americana**, which identifies wealth concentration in fewer and fewer hands as having been responsible for undermining Icelandic society:

"During the 12th century, wealth and power began to accumulate in the hands of a few chiefs, and by 1220, six prominent families ruled the entire country. It was the internecine power struggle among these families, shrewdly exploited by King Haakon IV of Norway, that finally brought the old republic to an end."

This process, wherein the concentration of wealth leads to the destruction of communal life and so the anarchistic aspects of a given society, can be seen elsewhere, for example, in the history of the United States after the Revolution or in the degeneration of the free cities of Medieval Europe. Peter Kropotkin, in his classic work **Mutual Aid**, documents this process in some detail, in many cultures and time periods. However, that this process occurred in a society which is used by "anarcho"-capitalists as an example of their system in action reinforces the anarchist analysis of the statist nature of "anarcho"-capitalism and the deep flaws in its theory, as discussed in section [F.6](#).

As Miller argues, *"[i]t is not the have-nots, after all, who invented the state. The first steps toward state formation in Iceland were made by churchmen. . . and by the big men content with imitating Norwegian royal style. Early state formation, I would guess, tended to involve redistributions, not from rich to poor, but from poor to rich, from weak to strong."* [Op. Cit., p. 306]

David Friedman is aware of how the Icelandic Republic degenerated and its causes. He states in a footnote in his 1979 essay *"Private Creation and Enforcement of Law: A Historical Case"* that the *"question of why the system eventually broke down is both interesting and difficult. I believe that two of the proximate causes were increased concentration of wealth, and hence power, and the introduction into Iceland of a foreign ideology -- kingship. The former meant that in many areas all or most of the godord were held by one family and the latter that by the end of the Sturlung period the chieftains were no longer fighting over the traditional quarrels of who owed what to whom, but over who should eventually rule Iceland. The ultimate reasons for those changes are beyond the scope of this paper."*

However, from an anarchist point of view, the "foreign" ideology of kingship would be the **product** of changing socio-economic conditions that were expressed in the increasing concentration of wealth and not its cause.

The settlers of Iceland were well aware of the "ideology" of kingship for the 300 years during which the Republic existed. However, only the concentration of wealth allowed would-be Kings the opportunity to develop and act and the creation of boss-worker social relationships on the land made the poor subject to, and familiar with, the concept of authority. Such familiarity would spread into all aspects of life and, combined with the existence of "prosperous" (and so powerful) godi to enforce the appropriate servile responses, ensured the end of the relative equality that fostered Iceland's anarchistic tendencies in the first place.

In addition, as private property is a monopoly of rulership over a given area, the conflict between chieftains for power was, at its most basic, a conflict of who would **own** Iceland, and so rule it. The attempt to ignore the facts that private property creates rulership (i.e. a monopoly of government over a given area) and that monarchies are privately owned states does Friedman's case no good. In other words, the system of private property has a built in tendency to produce both the ideology and fact of Kingship - the power structures implied by Kingship are reflected in the social relations which are produced by private property.

Friedman is also aware that an *"objection [to his system] is that the rich (or powerful) could commit crimes with impunity, since nobody would be able to enforce judgement against them. Where power is sufficiently concentrated this might be true; this was one of the problems which led to the eventual breakdown of the Icelandic legal system in the thirteenth century. But so long as power was reasonably dispersed, as it seem to have been for the first two centuries after the system was established, this was a less serious problem."* [Op. Cit.]

Which is quite ironic. Firstly, because the first two centuries of Icelandic society was marked by **non-capitalist** economic relations (communal pricing and family/individual possession of land). Only when capitalistic social relationships developed (hired labour and property replacing possession and market values replacing social ones) in the 12th century did power become concentrated, leading to the breakdown of the system in the 13th century.

Secondly, because Friedman is claiming that "anarcho"-capitalism will only work if there is an approximate equality within society! But this state of affairs is one most "anarcho"-capitalists claim is impossible and undesirable!

They claim there will **always** be rich and poor. But inequality in wealth will also become inequality of power. When "actually existing" capitalism has become more free market the rich have got richer and the poor poorer. Apparently, according to the "anarcho"-capitalists, in an even "purer" capitalism this process will be reversed! It is ironic that an ideology that denounces egalitarianism as a revolt against nature implicitly requires an egalitarian society in order to work.

In reality, wealth concentration is a fact of life in **any** system based upon hierarchy and private property. Friedman is aware of the reasons why "anarcho"-capitalism will become rule by the rich but prefers to believe that "pure" capitalism will produce an egalitarian society! In the case of the commonwealth of Iceland this did not happen - the rise in private property was accompanied by a rise in inequality and this led to the breakdown of the Republic into statism.

In short, Medieval Iceland nicely illustrates David Weick's comments (as quoted in section [F.6.3](#)) that *"when private wealth is uncontrolled, then a police-judicial complex enjoying a clientele of wealthy corporations whose motto is self-interest is hardly an innocuous social force controllable by the possibility of forming or affiliating with competing 'companies.'"* This is to say that "free market" justice soon results in rule by the rich, and being able to affiliate with "competing"

"defence companies" is insufficient to stop or change that process.

This is simply because any defence-judicial system does not exist in a social vacuum. The concentration of wealth -- a natural process under the "free market" (particularly one marked by private property and wage labour) -- has an impact on the surrounding society. Private property, i.e. monopolisation of the means of production, allows the monopolists to become a ruling elite by exploiting, and so accumulating vastly more wealth than, the workers. This elite then uses its wealth to control the coercive mechanisms of society (military, police, "private security forces," etc.), which it employs to protect its monopoly and thus its ability to accumulate ever more wealth and power. Thus, private property, far from increasing the freedom of the individual, has always been the necessary precondition for the rise of the state and rule by the rich. Medieval Iceland is a classic example of this process at work.

F.10 WOULD LAISSEZ-FAIRE CAPITALISM BE STABLE?

Unsurprisingly, right-libertarians combine their support for "absolute property rights" with a whole-hearted support for laissez-faire capitalism. In such a system (which they maintain, to quote Ayn Rand, is an "*unknown ideal*") everything would be private property and there would be few (if any) restrictions on "voluntary exchanges." "Anarcho"-capitalists are the most extreme of defenders of pure capitalism, urging that the state itself be privatised and no voluntary exchange made illegal (for example, children would be considered the property of their parents and it would be morally right to turn them into child prostitutes -- the child has the option of leaving home if they object).

As there have been no example of "pure" capitalism it is difficult to say whether their claims about are true (for a discussion of a close approximation see the section [F.10.3](#)). This section of the FAQ is an attempt to discover whether such a system would be stable or whether it would be subject to the usual booms and slumps. Before starting we should note that there is some disagreement within the right-libertarian camp itself on this subject (although instead of stability they usually refer to "equilibrium" -- which is an economics term meaning that all of a societies resources are fully utilised).

In general terms, most right-Libertarians' reject the concept of equilibrium as such and instead stress that the economy is inherently a dynamic (this is a key aspect of the Austrian school of economics). Such a position is

correct, of course, as such noted socialists as Karl Marx and Michal Kalecki and capitalist economists as Keynes recognised long ago. There seems to be two main schools of thought on the nature of disequilibrium. One, inspired by von Mises, maintains that the actions of the entrepreneur/capitalist results in the market co-ordinating supply and demand and another, inspired by Joseph Schumpeter, who question whether markets co-ordinate because entrepreneurs are constantly innovating and creating new markets, products and techniques.

Of course both actions happen and we suspect that the differences in the two approaches are not important. The important thing to remember is that "anarcho"-capitalists and right-libertarians in general reject the notion of equilibrium -- but when discussing their utopia they do not actually indicate this! For example, most "anarcho"-capitalists will maintain that the existence of government (and/or unions) causes unemployment by either stopping capitalists investing in new lines of industry or forcing up the price of labour above its market clearing level (by, perhaps, restricting immigration, minimum wages, taxing profits). Thus, we are assured, the worker will be better off in "pure" capitalism because of the unprecedented demand for labour it will create. However, full employment of labour is an equilibrium in economic terms and that, remember, is impossible due to the dynamic nature of the system. When pressed, they will usually admit there will be periods of unemployment as the market adjusts or that full unemployment actually means under a certain percentage of unemployment. Thus, if you (rightly) reject the notion of equilibrium you also reject the idea of full employment and so the labour market becomes a buyers market and labour is at a massive disadvantage.

The right-libertarian case is based upon logical deduction, and the premises required to show that laissez-faire will be stable are somewhat incredible. If banks do not set the wrong interest rate, if companies do not extend too much trade credit, if workers are willing to accept (real wage related) pay cuts, if workers altruistically do not abuse their market power in a fully employed society, if interest rates provide the correct information, if capitalists predict the future relatively well, if banks and companies do not suffer from isolation paradoxes, then, perhaps, laissez-faire will be stable.

So, will laissez-faire capitalism be stable? Let us see by analysing the assumptions of right-libertarianism -- namely that there will be full employment and that a system of private banks will stop the business cycle. We will start on the banking system first (in section [F.10.1](#)) followed by the effects of the labour market on economic stability (in section [F.10.2](#)). Then we will indicate, using the example of 19th century America, that actually existing ("impure") laissez-faire was very unstable.

Explaining booms and busts by state action plays an ideological convenience as it exonerates market processes as the source of instability within capitalism. We hope to indicate in the next two sections why the business cycle is inherent in the system (see also sections [C.7](#), [C.8](#) and [C.9](#)).

F.10.1 WOULD PRIVATISING BANKING MAKE CAPITALISM STABLE?

It is claimed that the existence of the state (or, for minimal statist, government policy) is the cause of the business cycle (recurring economic booms and slumps). This is because the government either sets interest rates too low or expands the money supply (usually by easing credit restrictions and lending rates, sometimes by just printing fiat money). This artificially increases investment as capitalists take advantage of the artificially low interest rates. The real balance between savings and investment is broken, leading to over-investment, a drop in the rate of profit and so a slump (which is quite socialist in a way, as many socialists also see over-investment as the key to understanding the business cycle, although they obviously attribute the slump to different causes -- namely the nature of capitalist production, not that the credit system does not play its part -- see section [C.7](#)).

In the words of Austrian Economist W. Duncan Reekie, *"[t]he business cycle is generated by monetary expansion and contraction . . . When new money is printed it appears as if the supply of savings has increased. Interest rates fall and businessmen are misled into borrowing additional funds to finance extra investment activity . . . This would be of no consequence if it had been the outcome of [genuine saving] . . . -but the change was government induced. The new money reaches factor owners in the form of wages, rent and interest . . . the factor owners will then spend the higher money incomes in their existing consumption: investment proportions . . . Capital goods industries will find their expansion has been in error and malinvestments have*

been inoccured." [Markets, Entrepreneurs and Liberty, pp. 68-9]

In other words, there has been *"wasteful mis-investment due to government interference with the market."* [Op. Cit., p. 69] In response to this (negative) influence in the workings of the market, it is suggested by right-libertarians that a system of private banks should be used and that interest rates are set by them, via market forces. In this way an interest rate that matches the demand and supply for savings will be reached and the business cycle will be no more. By truly privatising the credit market, it is hoped by the business cycle will finally stop.

Unsurprisingly, this particular argument has its weak points and in this section of the FAQ we will try to show exactly why this theory is wrong.

Let us start with Reekie's starting point. He states that the *"main problem"* of the slump is *"why is there suddenly a 'cluster' of business errors? Businessmen and entrepreneurs are market experts (otherwise they would not survive) and why should they all make mistakes simultaneously?"* [Op. Cit., p. 68] It is this *"cluster"* of mistakes that the Austrians' take as evidence that the business cycle comes from outside the workings of the market (i.e. is exogenous in nature). Reekie argues that an *"error cluster only occurs when all entrepreneurs have received the wrong signals on potential profitability, and all have received the signals simultaneously through government interference with the money supply."* [Op. Cit., p. 74] But is this **really** the case?

The simple fact is that groups of (rational) individuals can act in the same way based on the same information and this can lead to a collective problem. For example, we do not consider it irrational that everyone in a building leaves it when the fire alarm goes off and that the flow of people can cause hold-ups at exits. Neither do we think that it's unusual that traffic jams occur, after all those involved are all trying to get to work (i.e. they are reacting to the same desire). Now, is it so strange to think that capitalists who all see the same opportunity for profit in a specific market decide to invest in it? Or that the aggregate outcome of these individually rational decisions may be irrational (i.e. cause a glut in the market)?

In other words, a "cluster" of business failures may come about because a group of capitalists, acting in isolation, over-invest in a given market. They react to the same information (namely super profits in market X), arrange loans, invest and produce commodities to meet demand in that market. However, the aggregate result of these individually rational actions is that the aggregate supply far exceeds demand, causing a slump in that market and, perhaps, business failures. The slump in this market (and the potential failure of some firms) has an impact on the companies that supplied them, the companies that are dependent on their employees wages/demand, the banks that supplied the credit and so forth. The accumulative impact of this slump (or failures) on the chain of financial commitments of which they are but one link can be large and, perhaps, push an economy into general depression. Thus the claim that it is something external to the system that causes depression is flawed.

It could be claimed the interest rate is the problem, that it does not accurately reflect the demand for investment or relate it to the supply of savings. But, as we argued in section [C.8](#), it is not at all clear that the interest rate provides the necessary information to capitalists. They need investment information for their specific industry, but the interest rate is cross-industry. Thus capitalists in market X do not know if the investment in market X is increasing and so this lack of information can easily cause "mal-investment" as over-investment (and so over-production) occurs. As they have no way of knowing what the investment decisions of their competitors are or now these decisions will affect an already unknown future, capitalists may over-invest in certain markets and the net effects of this aggregate mistake can expand throughout the whole economy and cause a general slump. In other words, a cluster of business failures can be accounted for by the workings of the market itself and **not** the (existence of) government.

This is **one** possible reason for an internally generated business cycle but that is not the only one. Another is the role of class struggle which we discuss in the [next section](#) and yet another is the endogenous nature of the money supply itself. This account of money (proposed strongly by, among others, the post-Keynesian school) argues that the money supply is a function of the demand for credit, which itself is a function of the level of economic activity. In other words, the banking system creates as much money as people need and any attempt to control that creation will cause economic problems and, perhaps, crisis (interestingly, this analysis has strong parallels with mutualist and individualist anarchist theories on the causes of capitalist exploitation and the business cycle). Money, in other words, emerges from

within the system and so the right-libertarian attempt to "blame the state" is simply wrong.

Thus what is termed "credit money" (created by banks) is an essential part of capitalism and would exist without a system of central banks. This is because money is created from within the system, in response to the needs of capitalists. In a word, money is endogenous and credit money an essential part of capitalism.

Right-libertarians do not agree. Reekie argues that *"[o]nce fractional reserve banking is introduced, however, the supply of money substitutes will include fiduciary media. The ingenuity of bankers, other financial intermediaries and the endorsement and guaranteeing of their activities by governments and central banks has ensured that the quantity of fiat money is immense."* [Op. Cit., p. 73]

Therefore, what "anarcho"-capitalists and other right-libertarians seem to be actually complaining about when they argue that "state action" creates the business cycle by creating excess money is that the state **allows** bankers to meet the demand for credit by creating it. This makes sense, for the first fallacy of this sort of claim is how could the state **force** bankers to expand credit by loaning more money than they have savings. And this seems to be the normal case within capitalism -- the central banks accommodate bankers activity, they do not force them to do it. Alan Holmes, a senior vice president at the New York Federal Reserve, stated that:

"In the real world, banks extend credit, creating deposits in the process, and look for the reserves later. The question then becomes one of whether and how the

Federal Reserve will accommodate the demand for reserves. In the very short run, the Federal Reserve has little or no choice about accommodating that demand, over time, its influence can obviously be felt." [quoted by Doug Henwood, **Wall Street**, p. 220]

(Although we must stress that central banks are **not** passive and do have many tools for affecting the supply of money. For example, central banks can operate "tight" money policies which can have significant impact on an economy and, via creating high enough interest rates, the demand for money.)

It could be argued that because central banks exist, the state creates an "environment" which bankers take advantage off. By not being subject to "free market" pressures, bankers could be tempted to make more loans than they would otherwise in a "pure" capitalist system (i.e. create credit money). The question arises, would "pure" capitalism generate sufficient market controls to stop banks loaning in excess of available savings (i.e. eliminate the creation of credit money/fiduciary media).

It is to this question we now turn.

As noted above, the demand for credit is generated from **within** the system and the comments by Holmes reinforce this. Capitalists seek credit in order to make money and banks create it precisely because they are also seeking profit. What right-libertarians actually object to is the government (via the central bank) **accommodating** this creation of credit. If only the banks could be forced to maintain a savings to loans ration of one, then the business cycle would stop. But is this likely? Could market forces ensure that bankers pursue

such a policy? We think not -- simply because the banks are profit making institutions. As post-Keynesianist Hyman Minsky argues, "[b]ecause bankers live in the same expectational climate as businessmen, profit-seeking bankers will find ways of accommodating their customers. . . . Banks and bankers are not passive managers of money to lend or to invest; they are in business to maximise profits. . . ." [quoted by L. Randall Wray, **Money and Credit in Capitalist Economies**, p. 85]

This is recognised by Reekie, in passing at least (he notes that "*fiduciary media could still exist if bankers offered them and clients accepted them*" [**Op. Cit.**, p. 73]). Bankers will tend to try and accommodate their customers and earn as much money as possible. Thus Charles P. Kindleberger comments that monetary expansion "*is systematic and endogenous rather than random and exogenous*" seem to fit far better the reality of capitalism than the Austrian and right-libertarian viewpoint [**Manias, Panics, and Crashes**, p. 59] and post-Keynesian L. Randall Wray argues that "*the money supply . . . is more obviously endogenous in the monetary systems which predate the development of a central bank.*" [**Op. Cit.**, p. 150]

In other words, the money supply cannot be directly controlled by the central bank since it is determined by private decisions to enter into debt commitments to finance spending. Given that money is generated from **within** the system, can market forces ensure the non-expansion of credit (i.e. that the demand for loans equals the supply of savings)? To begin to answer this question we must note that investment is "*essentially determined by expected profitability.*" [Philip Arestis, **The Post-**

Keynesian Approach to Economics, p. 103] This means that the actions of the banks cannot be taken in isolation from the rest of the economy. Money, credit and banks are an essential part of the capitalist system and they cannot be artificially isolated from the expectations, pressures and influences of that system.

Let us assume that the banks desire to maintain a loans to savings ratio of one and try to adjust their interest rates accordingly. Firstly, changes in the rate of interest "*produce only a very small, if any, movement in business investment*" according to empirical evidence [**Op. Cit.**, pp. 82-83] and that "*the demand for credit is extremely inelastic with respect to interest rates.*" [L. Randall Wray, **Op. Cit.**, p. 245] Thus, to keep the supply of savings in line with the demand for loans, interest rates would have to increase greatly (indeed, trying to control the money supply by controlling the monetary bases in this way will only lead to very big fluctuations in interest rates). And increasing interest rates has a couple of paradoxical effects.

According to economists Joseph Stiglitz and Andrew Weiss (in "*Credit Rationing in Markets with Imperfect Knowledge*", **American Economic Review**, no. 71, pp. 393-410) interest rates are subject to what is called the "*lemons problem*" (asymmetrical information between buyer and seller). Stiglitz and Weiss applied the "lemons problem" to the credit market and argued (and unknowingly repeated Adam Smith) that at a given interest rate, lenders will earn lower return by lending to bad borrowers (because of defaults) than to good ones. If lenders try to increase interest rates to compensate for this risk, they may chase away good borrowers, who are unwilling to pay a higher rate, while perversely not

chasing away incompetent, criminal, or malignantly optimistic borrowers. This means that an increase in interest rates may actually increase the possibilities of crisis, as more loans may end up in the hands of defaulters.

This gives banks a strong incentive to keep interest rates lower than they otherwise could be. Moreover, *"increases in interest rates make it more difficult for economic agents to meet their debt repayments"* [Philip Arestis, **Op. Cit.**, pp. 237-8] which means when interest rates **are** raised, defaults will increase and place pressures on the banking system. At high enough short-term interest rates, firms find it hard to pay their interest bills, which cause/increase cash flow problems and so *"[s]harp increases in short term interest rates . . . leads to a fall in the present value of gross profits after taxes (quasi-rents) that capital assets are expected to earn."* [Hyman Minsky, **Post-Keynesian Economic Theory**, p. 45]

In addition, *"production of most investment goods is undertaken on order and requires time for completion. A rise in interest rates is not likely to cause firms to abandon projects in the process of production . . . This does not mean . . . that investment is completely unresponsive to interest rates. A large increase in interest rates causes a 'present value reversal', forcing the marginal efficiency of capital to fall below the interest rate. If the long term interest rate is also pushed above the marginal efficiency of capital, the project may be abandoned."* [Wray, **Op. Cit.**, pp. 172-3] In other words, investment takes **time** and there is a lag between investment decisions and actual fixed capital investment.

So if interest rates vary during this lag period, initially profitable investments may become white elephants.

As Michal Kalecki argued, the rate of interest must be lower than the rate of profit otherwise investment becomes pointless. The incentive for a firm to own and operate capital is dependent on the prospective rate of profit on that capital relative to the rate of interest at which the firm can borrow at. The higher the interest rate, the less promising investment becomes.

If investment is unresponsive to all but very high interest rates (as we indicated above), then a privatised banking system will be under intense pressure to keep rates low enough to maintain a boom (by, perhaps, creating credit above the amount available as savings). And if it does this, over-investment and crisis is the eventual outcome. If it does not do this and increases interest rates then consumption and investment will dry up as interest rates rise and the defaulters (honest and dishonest) increase and a crisis will eventually occur.

This is because increasing interest rates may increase savings **but** it also reduce consumption (*"high interest rates also deter both consumers and companies from spending, so that the domestic economy is weakened and unemployment rises"* [Paul Ormerod, **The Death of Economics**, p. 70]). This means that firms can face a drop off in demand, causing them problems and (perhaps) leading to a lack of profits, debt repayment problems and failure. An increase in interest rates also reduces demand for investment goods, which also can cause firms problems, increase unemployment and so on. So an increase in interest rates (particularly a sharp rise) could reduce consumption and investment (i.e. reduce

aggregate demand) and have a ripple effect throughout the economy which could cause a slump to occur.

In other words, interest rates and the supply and demand of savings/loans they are meant to reflect may not necessarily move an economy towards equilibrium (if such a concept is useful). Indeed, the workings of a "pure" banking system without credit money may increase unemployment as demand falls in both investment and consumption in response to high interest rates and a general shortage of money due to lack of (credit) money resulting from the "tight" money regime implied by such a regime (i.e. the business cycle would still exist). This was the case of the failed Monetarist experiments on the early 1980s when central banks in America and Britain tried to pursue a "tight" money policy. The "tight" money policy did not, in fact, control the money supply. All it did do was increase interest rates and lead to a serious financial crisis and a deep recession (as Wray notes, *"the central bank uses tight money policies to raise interest rates"* [Op. Cit., p. 262]). This recession, we must note, also broke the backbone of working class resistance and the unions in both countries due to the high levels of unemployment it generated. As intended, we are sure.

Such an outcome would not surprise anarchists, as this was a key feature of the Individualist and Mutualist Anarchists' arguments against the "money monopoly" associated with specie money. They argued that the "money monopoly" created a "tight" money regime which reduced the demand for labour by restricting money and credit and so allowed the exploitation of labour (i.e. encouraged wage labour) and stopped the development of non-capitalist forms of production. Thus

Lysander Spooner's comments that workers need "**money capital** to enable them to buy the raw materials upon which to bestow their labour, the implements and machinery with which to labour . . . Unless they get this capital, they must all either work at a disadvantage, or not work at all. A very large portion of them, to save themselves from starvation, have no alternative but to sell their labour to others . . ." [A Letter to Grover Cleveland, p. 39] It is interesting to note that workers **did** do well during the 1950s and 1960s under a "liberal" money regime than they did under the "tighter" regimes of the 1980s and 1990s.

We should also note that an extended period of boom will encourage banks to make loans more freely. According to Minsky's "*financial instability model*" crisis (see "*The Financial Instability Hypothesis*" in **Post-Keynesian Economic Theory** for example) is essentially caused by risky financial practices during periods of financial tranquillity. In other words, "*stability is destabilising*." In a period of boom, banks are happy and the increased profits from companies are flowing into their vaults. Over time, bankers note that they can use a reserve system to increase their income and, due to the general upward swing of the economy, consider it safe to do so (and given that they are in competition with other banks, they may provide loans simply because they are afraid of losing customers to more flexible competitors). This increases the instability within the system (as firms increase their debts due to the flexibility of the banks) and produces the possibility of crisis if interest rates are increased (because the ability of business to fulfil their financial commitments embedded in debts deteriorates).

Even if we assume that interest rates **do** work as predicted in theory, it is false to maintain that there is one interest rate. This is not the case. *"Concentration of capital leads to unequal access to investment funds, which obstructs further the possibility of smooth transitions in industrial activity. Because of their past record of profitability, large enterprises have higher credit ratings and easier access to credit facilities, and they are able to put up larger collateral for a loan."* [Michael A. Bernstein, **The Great Depression**, p. 106] As we noted in section [C.5.1](#), the larger the firm, the lower the interest rate they have to pay. Thus banks routinely lower their interest rates to their best clients even though the future is uncertain and past performance cannot and does not indicate future returns. Therefore it seems a bit strange to maintain that the interest rate will bring savings and loans into line if there are different rates being offered.

And, of course, private banks cannot affect the underlying fundamentals that drive the economy -- like productivity, working class power and political stability - - any more than central banks (although central banks can influence the speed and gentleness of adjustment to a crisis).

Indeed, given a period of full employment a system of private banks may actually speed up the coming of a slump. As we argue in the [next section](#), full employment results in a profits squeeze as firms face a tight labour market (which drives up costs) and, therefore, increased workers' power at the point of production and in their power of exit. In a central bank system, capitalists can pass on these increasing costs to consumers and so maintain their profit margins for longer. This option is

restricted in a private banking system as banks would be less inclined to devalue their money. This means that firms will face a profits squeeze sooner rather than later, which will cause a slump as firms cannot make ends meet. As Reekie notes, inflation *"can temporarily reduce employment by postponing the time when misdirected labour will be laid off"* but as Austrian's (like Monetarists) think *"inflation is a monetary phenomenon"* he does not understand the real causes of inflation and what they imply for a "pure" capitalist system [**Op. Cit.**, p. 67, p. 74]. As Paul Ormerod points out *"the claim that inflation is always and everywhere purely caused by increases in the money supply, and that there the rate of inflation bears a stable, predictable relationship to increases in the money supply is ridiculous."* And he notes that *"[i]ncreases in the rate of inflation tend to be linked to falls in unemployment, and vice versa"* which indicates its **real** causes -- namely in the balance of class power and in the class struggle. [**The Death of Economics**, p. 96, p. 131]

Moreover, if we do take the Austrian theory of the business cycle at face value we are drawn to conclusion that in order to finance investment savings must be increased. But to maintain or increase the stock of loanable savings, inequality must be increased. This is because, unsurprisingly, rich people save a larger proportion of their income than poor people and the proportion of profits saved are higher than the proportion of wages. But increasing inequality (as we argued in section [F.3.1](#)) makes a mockery of right-libertarian claims that their system is based on freedom or justice.

This means that the preferred banking system of "anarcho"-capitalism implies increasing, not decreasing,

inequality within society. Moreover, most firms (as we indicated in section [C.5.1](#)) fund their investments with their own savings which would make it hard for banks to loan these savings out as they could be withdrawn at any time. This could have serious implications for the economy, as banks refuse to fund new investment simply because of the uncertainty they face when accessing if their available savings can be loaned to others (after all, they can hardly loan out the savings of a customer who is likely to demand them at any time). And by refusing to fund new investment, a boom could falter and turn to slump as firms do not find the necessary orders to keep going.

So, would market forces create "sound banking"? The answer is probably not. The pressures on banks to make profits come into conflict with the need to maintain their savings to loans ration (and so the confidence of their customers). As Wray argues, *"as banks are profit seeking firms, they find ways to increase their liabilities which don't entail increases in reserve requirements"* and *"[i]f banks share the profit expectations of prospective borrowers, they can create credit to allow [projects/investments] to proceed."* [Op. Cit., p. 295, p. 283] This can be seen from the historical record. As Kindleberger notes, *"the market will create new forms of money in periods of boom to get around the limit"* imposed on the money supply [Op. Cit., p. 63]. Trade credit is one way, for example. Under the Monetarist experiments of 1980s, there was *"deregulation and central bank constraints raised interest rates and created a moral hazard -- banks made increasingly risky loans to cover rising costs of issuing liabilities. Rising competition from nonbanks and tight money policy forced banks to lower standards and increase rates of*

growth in an attempt to 'grow their way to profitability'"
[Op. Cit., p. 293]

Thus credit money ("fiduciary media") is an attempt to overcome the scarcity of money within capitalism, particularly the scarcity of specie money. The pressures that banks face within "actually existing" capitalism would still be faced under "pure" capitalism. It is likely (as Reekie acknowledges) that credit money would still be created in response to the demands of business people (although not at the same level as is currently the case, we imagine). The banks, seeking profits themselves and in competition for customers, would be caught between maintaining the value of their business (i.e. their money) and the needs to maximise profits. As a boom develops, banks would be tempted to introduce credit money to maintain it as increasing the interest rate would be difficult and potentially dangerous (for reasons we noted above). Thus, if credit money is not forthcoming (i.e. the banks stick to the Austrian claims that loans must equal savings) then the rise in interest rates required will generate a slump. If it is forthcoming, then the danger of over-investment becomes increasingly likely. All in all, the business cycle is part of capitalism and **not** caused by "external" factors like the existence of government.

As Reekie notes, to Austrians *"ignorance of the future is endemic"* [Op. Cit., p. 117] but you would be forgiven for thinking that this is not the case when it comes to investment. An individual firm cannot know whether its investment project will generate the stream of returns necessary to meet the stream of payment commitments undertaken to finance the project. And neither can the banks who fund those projects. Even **if** a bank does not get tempted into providing credit money in excess of

savings, it cannot predict whether other banks will do the same or whether the projects it funds will be successful. Firms, looking for credit, may turn to more flexible competitors (who practice reserve banking to some degree) and the inflexible bank may see its market share and profits decrease. After all, commercial banks *"typically establish relations with customers to reduce the uncertainty involved in making loans. Once a bank has entered into a relationship with a customer, it has strong incentives to meet the demands of that customer."* [Wray, **Op. Cit.**, p. 85]

There are example of fully privatised banks. For example, in the United States *"which was without a central bank after 1837"* "the major banks in New York were in a bind between their roles as profit seekers, which made them contributors to the instability of credit, and as possessors of country deposits against whose instability they had to guard." [Kindleberger, **Op. Cit.**, p. 85]

In Scotland, the banks were unregulated between 1772 and 1845 but *"the leading commercial banks accumulated the notes of lessor ones, as the Second Bank of the United States did contemporaneously in [the USA], ready to convert them to specie if they thought they were getting out of line. They served, that is, as an informal controller of the money supply. For the rest, as so often, historical evidence runs against strong theory, as demonstrated by the country banks in England from 1745 to 1835, wildcat banking in Michigan in the 1830s, and the latest experience with bank deregulation in Latin America."* [**Op. Cit.**, p. 82] And we should note there were a few banking "wars" during the period of deregulation in Scotland which forced a few of the

smaller banks to fail as the bigger ones refused their money and that there was a major bank failure in the Ayr Bank.

Kendleberger argues that central banking "*arose to impose control on the instability of credit*" and did not cause the instability which right-libertarians maintain it does. And as we note in section [F.10.3](#), the USA suffered massive economic instability during its period without central banking. Thus, **if** credit money **is** the cause of the business cycle, it is likely that a "pure" capitalism will still suffer from it just as much as "actually existing" capitalism (either due to high interest rates or over-investment).

In general, as the failed Monetarist experiments of the 1980s prove, trying to control the money supply is impossible. The demand for money is dependent on the needs of the economy and any attempt to control it will fail (and cause a deep depression, usually via high interest rates). The business cycle, therefore, is an endogenous phenomenon caused by the normal functioning of the capitalist economic system. Austrian and right-libertarian claims that "*slump flows boom, but for a totally unnecessary reason: government inspired mal-investment*" [Reekie, **Op. Cit.**, p. 74] are simply wrong. Over-investment **does** occur, but it is **not** "*inspired*" by the government. It is "*inspired*" by the banks need to make profits from loans and from businesses need for investment funds which the banks accommodate. In other words, by the nature of the capitalist system.

F.10.2 HOW DOES THE LABOUR MARKET EFFECT CAPITALISM?

In many ways, the labour market is the one that affects capitalism the most. The right-libertarian assumption (like that of mainstream economics) is that markets clear and, therefore, the labour market will also clear. As this assumption has rarely been proven to be true in actuality (i.e. periods of full employment within capitalism are few and far between), this leaves its supporters with a problem -- reality contradicts the theory.

The theory predicts full employment but reality shows that this is not the case. Since we are dealing with logical deductions from assumptions, obviously the theory cannot be wrong and so we must identify external factors which cause the business cycle (and so unemployment). In this way attention is diverted away from the market and its workings -- after all, it is assumed that the capitalist market works -- and onto something else. This "something else" has been quite a few different things (most ridiculously, sun spots in the case of one of the founders of marginalist economics, William Stanley Jevons). However, these days most pro-free market capitalist economists and right-libertarians have now decided it is the state.

In this section of the FAQ we will present a case that maintains that the assumption that markets clear is false at least for one, unique, market -- namely, the market for labour. As the fundamental assumption underlying "free market" capitalism is false, the logically consistent superstructure built upon comes crashing down. Part of the reason why capitalism is unstable is due to the commodification of labour (i.e. people) and the problems

this creates. The state itself can have positive and negative impacts on the economy, but removing it or its influence will not solve the business cycle.

Why is this? Simply due to the nature of the labour market.

Anarchists have long realised that the capitalist market is based upon inequalities and changes in power. Proudhon argued that *"[t]he manufacturer says to the labourer, 'You are as free to go elsewhere with your services as I am to receive them. I offer you so much.' The merchant says to the customer, 'Take it or leave it; you are master of your money, as I am of my goods. I want so much.' Who will yield? The weaker."* He, like all anarchists, saw that domination, oppression and exploitation flow from inequalities of market/economic power and that the *"power of invasion lies in superior strength."* [**What is Property?**, p. 216, p. 215]

This applies with greatest force to the labour market. While mainstream economics and right-libertarian variations of it refuse to acknowledge that the capitalist market is based upon hierarchy and power, anarchists (and other socialists) do not share this opinion. And because they do not share this understanding with anarchists, right-libertarians will never be able to understand capitalism or its dynamics and development. Thus, when it comes to the labour market, it is essential to remember that the balance of power within it is the key to understanding the business cycle. Thus the economy must be understood as a system of power.

So how does the labour market effect capitalism? Let us consider a growing economy, on that is coming out of a

recession. Such a growing economy stimulates demand for employment and as unemployment falls, the costs of finding workers increase and wage and condition demands of existing workers intensify. As the economy is growing and labour is scarce, the threat associated with the hardship of unemployment is weakened. The share of profits is squeezed and in reaction to this companies begin to cut costs (by reducing inventories, postponing investment plans and laying off workers). As a result, the economy moves into a downturn. Unemployment rises and wage demands are moderated. Eventually, this enables the share of profits first of all to stabilise, and then rise. Such an *"interplay between profits and unemployment as the key determinant of business cycles"* is *"observed in the empirical data."* [Paul Ormerod, **The Death of Economics**, p. 188]

Thus, as an economy approaches full employment the balance of power on the labour market changes. The sack is no longer that great a threat as people see that they can get a job elsewhere easily. Thus wages and working conditions increase as companies try to get new (and keep) existing employees and output is harder to maintain. In the words of economist William Lazonick, labour *"that is able to command a higher price than previously because of the appearance of tighter labour markets is, by definition, labour that is highly mobile via the market. And labour that is highly mobile via the market is labour whose supply of effort is difficult for managers to control in the production process. Hence, the advent of tight labour markets generally results in more rapidly rising average costs . . . as well as upward shifts in the average cost curve. . ."* [**Business Organisation and the Myth of the Market Economy**, p. 106]

In other words, under conditions of full-employment *"employers are in danger of losing the upper hand."* [Juliet B. Schor, **The Overworked American**, p. 75] Schor argues that *"employers have a structural advantage in the labour market, because there are typically more candidates ready and willing to endure this work marathon [of long hours] than jobs for them to fill."* [p. 71] Thus the labour market is usually a buyers market, and so the sellers have to compromise. In the end, workers adapt to this inequality of power and instead of getting what they want, they want what they get.

But under full employment this changes. As we argued in section [B.4.4](#) and section [C.7](#), in such a situation it is the bosses who have to start compromising. And they do not like it. As Schor notes, America *"has never experienced a sustained period of full employment. The closest we have gotten is the late 1960s, when the overall unemployment rate was under 4 percent for four years. But that experience does more to prove the point than any other example. The trauma caused to business by those years of a tight labour market was considerable. Since then, there has been a powerful consensus that the nation cannot withstand such a low rate of unemployment."* [Op. Cit., pp. 75-76]

So, in other words, full employment is not good for the capitalist system due to the power full employment provides workers. Thus unemployment is a necessary requirement for a successful capitalist economy and not some kind of aberration in an otherwise healthy system. Thus "anarcho"-capitalist claims that "pure" capitalism will soon result in permanent full employment are false. Any moves towards full employment will result in a

slump as capitalists see their profits squeezed from below by either collective class struggle or by individual mobility in the labour market.

This was recognised by Individualist Anarchists like Benjamin Tucker, who argued that mutual banking would *"give an unheard of impetus to business, and consequently create an unprecedented demand for labour, -- a demand which would always be in excess of the supply, directly contrary of the present condition of the labour market."* [**The Anarchist Reader**, pp. 149-150] In other words, full employment would end capitalist exploitation, drive non-labour income to zero and ensure the worker the full value of her labour -- in other words, end capitalism. Thus, for most (if not all) anarchists the exploitation of labour is only possible when unemployment exists and the supply of labour exceeds the demand for it. Any move towards unemployment will result in a profits squeeze and either the end of capitalism or an economic slump.

Indeed, as we argued in the [last section](#), the extended periods of (approximately) full employment until the 1960s had the advantage that any profit squeeze could (in the short run anyway) be passed onto working class people in the shape of inflation. As prices rise, labour is made cheaper and profits margins supported. This option is restricted under a "pure" capitalism (for reasons we discussed in the [last section](#)) and so "pure" capitalism will be affected by full employment faster than "impure" capitalism.

As an economy approaches full employment, *"hiring new workers suddenly becomes much more difficult. They are harder to find, cost more, and are less*

experiences. Such shortages are extremely costly for a firm." [Schor, **Op. Cit.**, p. 75] This encourages a firm to pass on these rises to society in the form of price rises, so creating inflation. Workers, in turn, try to maintain their standard of living. *"Every general increase in labour costs in recent years,"* note J. Brecher and J. Costello in the late 1970s, *"has followed, rather than preceded, an increase in consumer prices. Wage increases have been the result of workers' efforts to catch up after their incomes have already been eroded by inflation. Nor could it easily be otherwise. All a businessman has to do to raise a price . . . [is to] make an announcement. . . Wage rates . . . are primarily determined by contracts"* and so cannot be easily adjusted in the short term. [**Common Sense for Bad Times**, p, 120]

These full employment pressures will still exist with "pure" capitalism (and due to the nature of the banking system will not have the safety value of inflation). This means that periodic profit squeezes will occur, due to the nature of a tight labour market and the increased power of workers this generates. This in turn means that a "pure" capitalism will be subject to periods of unemployment (as we argued in section [C.9](#)) and so still have a business cycle. This is usually acknowledged by right-libertarians in passing, although they seem to think that this is purely a "short-term" problem (it seems a strange "short-term" problem that continually occurs).

But such an analysis is denied by right-libertarians. For them government action, combined with the habit of many labour unions to obtain higher than market wage rates for their members, creates and exacerbates mass unemployment. This flows from the deductive logic of much capitalist economics. The basic assumption of

capitalism is that markets clear. So if unemployment exists then it can only be because the price of labour (wages) is too high (Austrian Economist W. Duncan Reekie argues that unemployment will *"disappear provided real wages are not artificially high"* [**Markets, Entrepreneurs and Liberty**, p. 72]).

Thus the assumption provokes the conclusion -- unemployment is caused by an uncleared market as markets always clear. And the cause for this is either the state or unions. But what if the labour market **cannot** clear without seriously damaging the power and profits of capitalists? What if unemployment is required to maximise profits by weakening labours' bargaining position on the market and so maximising the capitalists power? In that case unemployment is caused by capitalism, not by forces external to it.

However, let us assume that the right-libertarian theory is correct. Let us assume that unemployment is all the fault of the selfish unions and that a job-seeker *"who does not want to wait will always get a job in the unhampered market economy."* [von Mises, **Human Action**, p. 595]

Would crushing the unions reduce unemployment? Let us assume that the unions have been crushed and government has been abolished (or, at the very least, become a minimum state). The aim of the capitalist class is to maximise their profits and to do this they invest in labour saving machinery and otherwise attempt to increase productivity. But increasing productivity means that the prices of goods fall and falling prices mean increasing real wages. It is high real wages that, according to right-libertarians, that cause unemployment.

So as a reward for increasing productivity, workers will have to have their money wages cut in order to stop unemployment occurring! For this reason some employers might refrain from cutting wages in order to avoid damage to morale - potentially an important concern.

Moreover, wage contracts involve **time** -- a contract will usually agree a certain wage for a certain period. This builds in rigidity into the market, wages cannot be adjusted as quickly as other commodity prices. Of course, it could be argued that reducing the period of the contract and/or allowing the wage to be adjusted could overcome this problem. However, if we reduce the period of the contract then workers are at a suffer disadvantage as they will not know if they have a job tomorrow and so they will not be able to easily plan their future (an evil situation for anyone to be in). Moreover, even without formal contracts, wage renegotiation can be expensive. After all, it takes time to bargain (and time is money under capitalism) and wage cutting can involve the risk of the loss of mutual good will between employer and employee. And would **you** give your boss the power to "adjust" your wages as he/she thought was necessary? To do so would imply an altruistic trust in others not to abuse their power.

Thus a "pure" capitalism would be constantly seeing employment increase and decrease as productivity levels change. There exist important reasons why the labour market need not clear which revolve around the avoidance/delaying of wage cuts by the actions of capitalists themselves. Thus, given a choice between cutting wages for all workers and laying off some workers without cutting the wages of the remaining

employees, it is unsurprising that capitalists usually go for the later. After all, the sack is an important disciplining device and firing workers can make the remaining employees more inclined to work harder and be more obedient.

And, of course, many employers are not inclined to hire over-qualified workers. This is because, once the economy picks up again, their worker has a tendency to move elsewhere and so it can cost them time and money finding a replacement and training them. This means that involuntary unemployment can easily occur, so reducing tendencies towards full employment even more. In addition, one of the assumptions of the standard marginalist economic model is one of decreasing returns to scale. This means that as employment increases, costs rise and so prices also rise (and so real wages fall). But in reality many industries have **increasing** returns to scale, which means that as production increases unit costs fall, prices fall and so real wages rise. Thus in such an economy unemployment would increase simply because of the nature of the production process!

Moreover, as we argued in-depth in section [C.9](#), a cut in money wages is not a neutral act. A cut in money wages means a reduction in demand for certain industries, which may have to reduce the wages of its employees (or fire them) to make ends meet. This could produce a accumulative effect and actually **increase** unemployment rather than reduce it.

In addition, there are no "self-correcting" forces at work in the labour market which will quickly bring employment back to full levels. This is for a few reasons. Firstly, the supply of labour cannot be reduced by cutting

back production as in other markets. All we can do is move to other areas and hope to find work there. Secondly, the supply of labour can sometimes adjust to wage decreases in the wrong direction. Low wages might drive workers to offer a greater amount of labour (i.e. longer hours) to make up for any short fall (or to keep their job). This is usually termed the "*efficiency wage*" effect. Similarly, another family member may seek employment in order to maintain a given standard of living. Falling wages may cause the number of workers seeking employment to **increase**, causing a full further fall in wages and so on (and this is ignoring the effects of lowering wages on demand discussed in section [C.9](#)).

The paradox of piece work is an important example of this effect. As Schor argues, "*piece-rate workers were caught in a viscous downward spiral of poverty and overwork. . . When rates were low, they found themselves compelled to make up in extra output what they were losing on each piece. But the extra output produced glutted the market and drove rates down further.*" [Juliet C. Schor, **The Overworked American**, p, 58]

Thus, in the face of reducing wages, the labour market may see an accumulative move away from (rather than towards) full employment. The right-libertarian argument is that unemployment is caused by real wages being too high which in turn flows from the assumption that markets clear. If there is unemployment, then the price of the commodity labour is too high -- otherwise supply and demand would meet and the market clear. But if, as we argued above, unemployment is essential to discipline workers then the labour market **cannot** clear except for short periods. If the labour market clears, profits are squeezed. Thus the claim that unemployment

is caused by "too high" real wages is false (and as we argue in section [C.9](#), cutting these wages will result in deepening any slump and making recovery longer to come about).

In other words, the assumption that the labour market must clear is false, as is any assumption that reducing wages will tend to push the economy quickly back to full employment. The nature of wage labour and the "commodity" being sold (i.e. human labour/time/liberty) ensure that it can never be the same as others. This has important implications for economic theory and the claims of right-libertarians, implications that they fail to see due to their vision of labour as a commodity like any other.

The question arises, of course, of whether, during periods of full employment, workers could not take advantage of their market power and gain increased workers' control, create co-operatives and so reform away capitalism. This was the argument of the Mutualist and Individualist anarchists and it does have its merits. However, it is clear (see section [J.5.12](#)) that bosses hate to have their authority reduced and so combat workers' control whenever they can. The logic is simple, if workers increase their control within the workplace the manager and bosses may soon be out of a job and (more importantly) they may start to control the allocation of profits. Any increase in working class militancy may provoke capitalists to stop/reduce investment and credit and so create the economic environment (i.e. increasing unemployment) necessary to undercut working class power.

In other words, a period of full unemployment is not sufficient to reform capitalism away. Full employment (nevermind any struggle over workers' control) will reduce profits and if profits are reduced then firms find it hard to repay debts, fund investment and provide profits for shareholders. This profits squeeze would be enough to force capitalism into a slump and any attempts at gaining workers' self-management in periods of high employment will help push it over the edge (after all, workers' control without control over the allocation of any surplus is distinctly phoney). Moreover, even if we ignore the effects of full employment may not last due to problems associated with over-investment (see [section C.7.2](#)), credit and interest rate problems (see [section F.10.1](#)) and realisation/aggregate demand disjoints. Full employment adds to the problems associated with the capitalist business cycle and so, if class struggle and workers power did not exist or cost problem, capitalism would still not be stable.

If equilibrium is a myth, then so is full employment. It seems somewhat ironic that "anarcho"-capitalists and other right-libertarians maintain that there will be equilibrium (full employment) in the one market within capitalism it can never actually exist in! This is usually quietly acknowledged by most right-libertarians, who mention in passing that some "temporary" unemployment **will** exist in their system -- but "temporary" unemployment is not full employment. Of course, you could maintain that all unemployment is "voluntary" and get round the problem by denying it, but that will not get us very far.

So it is all fine and well saying that "libertarian" capitalism would be based upon the maxim *"From each*

as they choose, to each as they are chosen." [Robert Nozick, **Anarchy, State, and Utopia**, p. 160] But if the labour market is such that workers have little option about what they "choose" to give and fear that they will **not** be chosen, then they are at a disadvantage when compared to their bosses and so "consent" to being treated as a resource from the capitalist can make a profit from. And so this will result in any "free" contract on the labour market favouring one party at the expense of the other -- as can be seen from "actually existing capitalism".

Thus any "free exchange" on the labour market will usually **not** reflect the true desires of working people (and who will make all the "adjusting" and end up wanting what they get). Only when the economy is approaching full employment will the labour market start to reflect the true desires of working people and their wage start to approach its full product. And when this happens, profits are squeezed and capitalism goes into slump and the resulting unemployment disciplines the working class and restores profit margins. Thus full employment will be the exception rather than the rule within capitalism (and that is a conclusion which the historical record indicates).

In other words, in a normally working capitalist economy any labour contracts will not create relationships based upon freedom due to the inequalities in power between workers and capitalists. Instead, any contracts will be based upon domination, **not** freedom. Which prompts the question, how is libertarian capitalism **libertarian** if it erodes the liberty of a large class of people?

F.10.3 WAS LAISSEZ-FAIRE CAPITALISM STABLE?

Firstly, we must state that a pure laissez-faire capitalist system has not existed. This means that any evidence we present in this section can be dismissed by right-libertarians for precisely this fact -- it was not "pure" enough. Of course, if they were consistent, you would expect them to shun all historical and current examples of capitalism or activity within capitalism, but this they do not. The logic is simple -- if X is good, then it is permissible to use it. If X is bad, the system is not pure enough.

However, as right-libertarians **do** use historical examples so shall we. According to Murray Rothbard, there was "*quasi-laissez-faire industrialisation [in] the nineteenth century*" [**The Ethics of Liberty**, p. 264] and so we will use the example of nineteenth century America -- as this is usually taken as being the closest to pure laissez-faire - - in order to see if laissez-faire is stable or not.

Yes, we are well aware that 19th century USA was far from laissez-faire -- there was a state, protectionism, government economic activity and so on -- but as this example has been often used by right-Libertarians' themselves (for example, Ayn Rand) we think that we can gain a lot from looking at this imperfect approximation of "pure" capitalism (and as we argued in section [F.8](#), it is the "quasi" aspects of the system that counted in industrialisation, **not** the laissez-faire ones).

So, was 19th century America stable? No, it most definitely was not.

Firstly, throughout that century there were a continual economic booms and slumps. The last third of the 19th century (often considered as a heyday of private enterprise) was a period of profound instability and anxiety. Between 1867 and 1900 there were 8 complete business cycles. Over these 396 months, the economy expanded during 199 months and contracted during 197. Hardly a sign of great stability (since the end of world war II, only about a fifth of the time has spent in periods of recession or depression, by way of comparison). Overall, the economy went into a slump, panic or crisis in 1807, 1817, 1828, 1834, 1837, 1854, 1857, 1873, 1882, and 1893 (in addition, 1903 and 1907 were also crisis years).

Part of this instability came from the eras banking system. *"Lack of a central banking system,"* writes Richard Du Boff, *"until the Federal Reserve act of 1913 made financial panics worse and business cycle swings more severe"* [**Accumulation and Power**, p. 177] It was in response to this instability that the Federal Reserve system was created; and as Doug Henwood notes *"the campaign for a more rational system of money and credit was not a movement of Wall Street vs. industry or regional finance, but a broad movement of elite bankers and the managers of the new corporations as well as academics and business journalists. The emergence of the Fed was the culmination of attempts to define a standard of value that began in the 1890s with the emergence of the modern professionally managed corporation owned not by its managers but dispersed public shareholders."* [**Wall Street**, p. 93] Indeed, the Bank of England was often forced to act as lender of last resort to the US, which had no central bank.

In the decentralised banking system of the 19th century, during panics thousands of banks would hoard resources, so starving the system for liquidity precisely at the moment it was most badly needed. The creation of trusts was one way in which capitalists tried to manage the system's instabilities (at the expense of consumers) and the corporation was a response to the outlawing of trusts. *"By internalising lots of the competitive system's gaps -- by bring more transactions within the same institutional walls -- corporations greatly stabilised the economy."* [Henwood, **Op. Cit.**, p. 94]

All during the hey-day of laissez faire we also find popular protests against the money system used, namely specie (in particular gold), which was considered as a hindrance to economic activity and expansion (as well as being a tool for the rich). The Individualist Anarchists, for example, considered the money monopoly (which included the use of specie as money) as the means by which capitalists ensured that *"the labourers . . . [are] kept in the condition of wage labourers,"* and reduced *"to the conditions of servants; and subject to all such extortions as their employers . . . may choose to practice upon them"*, indeed they became the *"mere tools and machines in the hands of their employers"*. With the end of this monopoly, *"[t]he amount of money, capable of being furnished . . . [would assure that all would] be under no necessity to act as a servant, or sell his or her labour to others."* [Lysander Spooner, **A Letter to Grover Cleveland**, p. 47, p. 39, p. 50, p. 41] In other words, a specie based system (as desired by many "anarcho"-capitalists) was considered a key way of maintaining wage labour and exploitation.

Interestingly, since the end of the era of the Gold Standard (and so commodity money) popular debate, protest and concern about money has disappeared. The debate and protest was in response to the **effects** of commodity money on the economy -- with many people correctly viewing the seriously restrictive monetary regime of the time responsible for economic problems and crisis as well as increasing inequalities. Instead radicals across the political spectrum urged a more flexible regime, one that did not cause wage slavery and crisis by reducing the amount of money in circulation when it could be used to expand production and reduce the impact of slumps. Needless to say, the Federal Reserve system in the USA was far from the institution these populists wanted (after all, it is run by and for the elite interests who desired its creation).

That the laissez-faire system was so volatile and panic-ridden suggests that "anarcho"-capitalist dreams of privatising everything, including banking, and everything will be fine are very optimistic at best (and, ironically, it was members of the capitalist class who lead the movement towards state-managed capitalism in the name of "sound money").

**SECTION G - IS INDIVIDUALIST
ANARCHISM CAPITALISTIC?**
INTRODUCTION

**G.1 Are individualist anarchists
anti-capitalist?**

G.1.1 WHY IS THE SOCIAL CONTEXT
IMPORTANT IN EVALUATING
INDIVIDUALIST ANARCHISM?

**G.2 Why does individualist
anarchism imply socialism?**

G.2.1 WHAT ABOUT THEIR SUPPORT OF
THE FREE MARKET?

G.2.2 WHAT ABOUT THEIR SUPPORT OF
"PRIVATE PROPERTY"?

**G.3 What about "anarcho"-
capitalism's support of Tucker's
"defence associations"?**

**G.4 Why do social anarchists reject
individualist anarchism's ideas?**

**G.5 Benjamin Tucker - capitalist or
anarchist?**

G.6 What are the ideas of Max Stirner?

G.7 Lysander Spooner - right-Libertarian or libertarian socialist?

SECTION G - IS INDIVIDUALIST ANARCHISM CAPITALISTIC?

The short answer is, no, it is not. All the individualist anarchists were opposed to the exploitation of labour and all forms of non-labour income (such as profits, interest and rent) and property. As such it is deeply **anti-capitalist** and many individualist anarchists, including Benjamin Tucker, considered themselves as socialists (indeed, Tucker often called his theory "*Anarchistic-Socialism*").

So, in this section of the anarchist FAQ we indicate why the individualist anarchists cannot be classified as "ancestors" of the bogus libertarians of the "anarcho"-capitalist school. Instead they must be (due to their opposition to wage slavery, capitalist property, interest, rent and profit as well as their concern for equality and co-operation) classified as libertarian **socialists**, albeit being on the liberal wing of anarchist thought. So while **some** of their ideas do overlap with those of the "anarcho"-capitalist school they are not capitalistic, no more than the overlap between their ideas and anarcho-communism makes them communistic.

In this context, the creation of "anarcho"-capitalism may be regarded as yet another tactic by capitalists to reinforce the public's perception that there are no viable alternatives to capitalism, i.e. by claiming that "even anarchism implies capitalism." In order to justify this claim, they have searched the history of anarchism in an effort to find some thread in the movement that can be used for this purpose. They think that with the individualist anarchists they have found such a thread.

However, as we've already seen, by its very definition -- as opposition to hierarchical authority -- **all** threads of anarchism are **incompatible** with capitalism. Nevertheless, in the individualists we find anarchism coming closest to "classical" liberalism and being influenced by the ideas of Herbert Spencer, a classical liberal and proto-libertarian capitalist. This influence, as was noted by Peter Kropotkin at the time (e.g. in **Modern Science and Anarchism**), led individualist anarchists like Ben Tucker to support contract theory in the name of freedom, apparently without being aware of the authoritarian social relationships that could be implied by it, as can be seen under capitalism. Therefore, this section can also be considered, in part, as a continuation of the discussion begun in [section A.3](#).

Few thinkers are completely consistent. Given Tucker's adamant anti-statism and anti-capitalism, it is likely that had he realised the statism implicit in contract theory, he would have modified his views in such a way as to eliminate the contradiction. It is understandable why he failed to do so, however; for he viewed individualist anarchism as a society of workers, not one of capitalists and workers. His opposition to usury logically implies artisan and co-operative labour -- people selling the products of their labour, as opposed to the labour itself -- which itself implies self-management in production (and so society), not authoritarianism. Nevertheless, it is this inconsistency -- the non-anarchist aspect of individualist anarchism -- which right "libertarians" like Murray Rothbard select and concentrate on, ignoring the anti-capitalist context in which this aspect of individualist thought exists within. As David Wieck points out:

"Out of the history of anarchist thought and action Rothbard has pulled forth a single thread, the thread of individualism, and defines that individualism in a way alien even to the spirit of a Max Stirner or a Benjamin Tucker, whose heritage I presume he would claim -- to say nothing of how alien is his way to the spirit of Godwin, Proudhon, Bakunin, Kropotkin, Malatesta, and the historically anonymous persons who through their thoughts and action have tried to give anarchism a living meaning. Out of this thread Rothbard manufactures one more bourgeois ideology." [David Wieck, "Anarchist Justice", **Nomos XIX**, pp. 227-228]

It is with this in mind that we discuss the ideas of people like Tucker. As this section of the FAQ will indicate, even at its most liberal, individualist, extreme anarchism was fundamentally **anti**-capitalist. Any concepts which "anarcho"-capitalism imports from the individualist tradition ignore the social context of self-employment and artisan production within which those concepts arose, thus turning them into something radically different from what was intended by their originators.

It is not a fitting tribute to the individualist anarchists that their ideas are today being associated with the capitalism that they so clearly despised and wished to abolish.

G.1 ARE INDIVIDUALIST ANARCHISTS ANTI-CAPITALIST?

Yes. The individualist anarchists desired a society in which there would no longer be capitalists and workers, only workers. The worker would receive the full product of his/her labour, so ending the exploitation of labour by capital. Moreover, such an aim logically implies a society based upon artisan, not wage, labour and workers would, therefore, not be separated from control of the means of production and so sell the product of their labour, not the labour power itself. As such, while it would be a market system, it would not be a capitalist one. As Tucker argued, the anarchists realised "*the fact that one class of men are dependent for their living upon the sale of their labour, while another class of men are relieved of the necessity of labour by being legally privileged to sell something that is not labour. . . . And to such a state of things I am as much opposed as any one. But the minute you remove privilege. . . every man will be a labourer exchanging with fellow-labourers. . . What Anarchistic-Socialism aims to abolish is usury. . . it wants to deprive capital of its reward.*" [Benjamin Tucker, **Instead of a Book**, p. 404] It should be noted that "*usury*," for Tucker, was a synonym for "*the exploitation of labour*" [**Ibid.**, p. 396] and included capitalist profits as well as interest, rent, and royalties.

Such opposition to wage slavery was a common thread within the individualist anarchist tradition - indeed, given its regular appearance, we can say it is almost a **defining** aspect of the tradition. For example, taking Josiah Warren (the "father" of individualist anarchism) we find that "[t]o men like [him] . . . chattel slavery was

merely one side of a brutal situation, and although sympathetic with its opponents, refused to take part in the struggle [against slavery] unless it was extended to a wholesale attack on what they termed 'wage slavery' in the states where Negro slavery no longer existed." [James J. Martin, **Men Against the State**, p. 81] Such a view, we may add, was commonplace in radical working class journals and movements of the time.

Similarly, William Greene (whose pamphlet **Mutual Banking** had a great impact on Tucker) pronounced that *"[t]here is no device of the political economists so infernal as the one which ranks labour as a commodity, varying in value according to supply and demand."* [**Mutual Banking** quoted by Martin, **Op. Cit.**, p. 130] Here we see a similar opposition to the commodification of labour (and so labourers) within capitalism that also marks social anarchist thought.

The individualist anarchists identified capitalism as *"wage slavery,"* (like social anarchists) because they saw that profit, rent and interest were all forms of exploitation. They thought that liberty meant that the worker was entitled to *"all the fruits of his own labour"* (Spooner) and recognised that working for a boss makes this impossible as a portion is diverted into the employer's pockets. [Martin, **Op. Cit.**, p. 172]

This opposition to profits as a form of exploitation, wage labour as a form of slavery and property as a form of theft clearly makes individualist anarchism anti-capitalist and a form of (libertarian) socialism. In addition, it also indicates well the common ground between the two threads of anarchism, in particular their common position to capitalism. The social anarchist Rudolf

Rocker indicates well this common position when he argues:

"it is difficult to reconcile personal freedom with the existing economic system. Without doubt the present inequality of economic interests and the ruling class conflicts in society are a continual danger to the freedom of the individual. . . One cannot be free either politically or personally so long as one is in economic servitude of another and cannot escape from this condition. This was recognised by men like Godwin, Warren, Proudhon, Bakunin, [and women like Goldman and de Cleyre, we must add!] and many others who subsequently reached the conviction that the domination of man over man will not disappear until there is an end of the exploitation of man by man." [**Nationalism and Culture**, p. 167]

In addition to this opposition to capitalist usury, the individualist anarchists also expressed opposition to capitalist ideas on property (particularly property in land). J.K. Ingalls, for example, considered that to reduce land to the status of a commodity was an act of "usurpation." Indeed, *"the private domination of the land" originated in "usurpation only, whether of the camp, the court or the market. Whenever such a domination excludes or deprives a single human being of his equal opportunity, it is a violation, not only of the public right, and of the social duty, but of the very principle of law and morals upon which property itself is based. . ."* [**Social Wealth**, quoted by Martin, **Op. Cit.**, p. 148f]

These ideas are identical to Proudhon's and Ingalls continues in this Proudhonian *"occupancy and use"* vein when he argues that possession *"remains possession, and*

*can never become **property**, in the sense of absolute dominion, except by positive statue [i.e. state action]. Labour can only claim **occupancy**, and can lay no claim to more than the usufruct."* [**Ibid.**, p. 149] In other words, capitalist property was created by "*forceful and fraudulent taking*" of land, which "*could give no justification to the system*" [**Ibid.**] (as we argued in [section B.3.4](#)) and was protected by the state. And like Warren and Greene he opposed wage labour, and "*considered the only 'intelligent' strike [by workers as] one which would be directed against wage work altogether.*" [Martin, **Op. Cit.**, p. 153]

Therefore we see that the individualist anarchists, like social anarchists, opposed capitalist wage slavery and property rights. Instead of capitalism, they maintained that workers should own and control the means of production they use, thus ensuring the "*abolition of the proletariat*" (to use Proudhon's term) and so the end of capitalism as society would no longer be divided into two classes, those who worked and those who owned. In an individualist anarchy, "*there should be no more proletaires*" as "*everybody*" would be "*proprietor*." This would result in "*The land to the cultivator. The mine to the miner. The tool to the labourer. The product to the producer.*" [Ernest Lesigne quoted approvingly by Tucker at the end of his essay "*State Socialism and Anarchism*" in **Instead of a Book**, p. 17, p. 18] As Charles A. Dana put it (in a work published by Tucker and described by him as "*a really intelligent, forceful, and sympathetic exposition of mutual banking*"), "*[b]y introducing mutualism into exchanges and credit we introduce it everywhere, and labour will assume a new aspect and become truly democratic.*" [**Proudhon and His "Bank of the People"**, p. 45] In other words, a

classless socialist society of self-employed workers without exploitation and oppression.

When reading the work of people like Tucker and Warren, we must remember the social context of their ideas, namely the transformation of America from a pre-capitalist to a capitalist society [see Eunice Minette Schuster, **Native American Anarchism**, pp. 135-137]. The individualist anarchists viewed with horror the rise of capitalism and its imposition on an unsuspecting American population through state action. The non-capitalist nature of the early USA can be seen from the early dominance of self-employment (artisan production). At the beginning of the 19th century, around 80% of the occupied population were self-employed. By 1870, when Tucker was most active, this had fallen to approximately 33%. Now it is less than 10%. It is **only** in this context that we can understand individualist anarchism, as a revolt against the destruction of working-class independence and the growth of wage-labour, accompanied by the growth of two opposing classes, capitalists and proletarians.

Given the commonplace awareness in the population of artisan production and its advantages, it is hardly surprising that the individualists supported "free market" solutions to social problems. For, given the era, this solution implied workers' control and the selling of the product of labour, not the labourer him/herself. As Tucker argues, individualist anarchism desires "*[n]ot to abolish wages, but to make **every** man dependent upon wages and to secure every man his **whole** wages*" [**Instead of a Book**, p. 404] and this, logically, can only occur under workers control (i.e. when the tool belonged to the worker, etc. - see section [G.2](#)). In addition, as a

means of social change, the individualists suggested that activists start "*inducing the people to steadily refuse the payment of rents and taxes.*" [Op. Cit., pp. 299-300] These are hardly statements with which capitalists would agree. Tucker also opposed interest, considering it usury (exploitation and a "*crime*") pure and simple and one of the means by which workers were denied the full fruits of their labour.

Tucker, like other individualist anarchists, also supported labour unions, and although he opposed violence during strikes, he recognised that it was caused by frustration due to an unjust system. Indeed, like social anarchists, he considered "*the labourer in these days [as] a soldier. . . His employer is . . . a member of an opposing army. The whole industrial and commercial world is in a state of internecine war, in which the proletaires are massed on one side and the proprietors on the other.*" [Ibid., p. 460] The cause of strikes rested in the fact that "*before. . . strikers violated the equal liberty of others, their own right to equality of liberty had been wantonly and continuously violated*" by the capitalists and the state, for the "*capitalists . . . in denying [a free market] to [the workers] are guilty of criminal invasion.*" [Ibid., p. 454] Likewise, he advocated many other forms of non-violent direct action such as boycotts and rent strikes, seeing them as important means of radicalising the working class and creating an anarchist society.

However, while Tucker believed in direct action, he opposed the "forceful" expropriation of social capital by the working class, instead favouring the creation of a mutualist system to replace capitalist companies with co-operative ones. Tucker was therefore fundamentally a **reformist**, thinking that anarchy would evolve from

capitalism as mutual banks spread across society, increasing the bargaining power of labour. This idea of reforming capitalism over time (and, by implication, tolerating boss's control during that time) was primarily due to the influence of Herbert Spencer and not Max Stirner. Little wonder that Peter Kropotkin termed Tucker's doctrine "*no force*" and considered such a reformist position to be little more than "*an excuse for supporting landlord and capitalist domination.*" [**Act For Yourselves**, p. 98]

G.2 WHY DOES INDIVIDUALIST ANARCHISM IMPLY SOCIALISM?

Here we present a short summary of why individualist anarchism implies socialism and not capitalism. While it is true that people like Tucker and Warren placed "property" at the heart of their vision of anarchy, this does not make them supporters of capitalism. Unlike capitalists, the individualist anarchists identified "property" with simple "possession," or "occupancy and use" and considered profit, rent and interest as exploitation. Indeed, Tucker explicitly stated that "*all property rests on a labour title, and no other property do I favour.*" [**Instead of a Book**, p. 400] Because of this and their explicit opposition to usury (profits, rent and interest) and capitalist property, they could and did consider themselves as part of the wider socialist movement, the libertarian wing as opposed to the statist Marxist wing.

Individualist anarchists like Tucker strongly believed that a truly free (i.e. non-capitalist) market would ensure that the worker would receive the "*full product*" of his or her labour. Nevertheless, in order to claim Tucker as a proto-"anarcho"-capitalist, "anarcho"-capitalists may argue that capitalism pays the "market price" of labour power, and that this price **does** reflect the "full product" (or value) of the worker's labour.

As Tucker supported the Labour Theory of Value we doubt that he would have agreed with the "anarcho"-capitalist argument that market price of labour reflected the value it produced (see [Section C](#)). He, like the other individualist anarchists, was well aware that labour

produces the "surplus wealth" which was appropriated in the name of interest, rent and profit. In other words, he very forcibly rejected the idea that the market price of labour reflects the value of that labour, considering "*the natural wage of labour is its product*" and "*that this wage, or product, is the only just source of income.*" [Instead of a Book, p. 6]

However, assuming that we accept the capitalist economic apologetics at their face value, such an argument fails to place Individualist Anarchism in the capitalist tradition. This is because the argument ignores the need to replace and improve upon existing capital. In the context of a market economy, the replacement and improvement of capital is important, as accumulation allows the reduction of labour costs (either directly or indirectly) by investing in new machinery or processes and so improving market position. In addition, capital investments are required in order to offer new services to the customer (for example, in banking, a network of auto-tellers). Either way, new capital is required. But new capital comes from value created by labour and realised as profits. And this means that in order to ensure that labour receives its due, companies **must** be co-operatives so that workers will have a say in how the profits they create are used, otherwise they do not get their "*natural wage.*" In addition, the ability to influence one's own destiny by having a voice in investment decisions is certainly another "value" that one's labour can produce beyond the exchange value to be invested. We might call it "self-determination value," which individualist anarchists certainly regarded as a benefit of the artisan/co-operative labour they favoured (and their system implies). But workers will not be able to realise the full self-determination value of their labour nor

receive its "full product" if investment decisions are not in their hands. Logically, therefore, individualist anarchism **must** tend towards co-operative, not capitalist, labour in order for them to receive the full value of their labour.

More importantly, as far as the employer/employee social relationship goes, it does not fit in well with Tucker's statement that *"if the individual has the right to govern himself, all external government is tyranny."* [The Anarchist Reader, p. 151] As we have argued in Section B.4 ([How does capitalism affect liberty?](#)), wage labour produces a very specific form of *"external government"* in the workplace, namely hierarchical management structures. Therefore, logically, Individualist Anarchism (like Social Anarchism) must oppose all forms of wage labour in favour of self-government in production (i.e. co-operative, not wage, labour).

That this the case can be seen from Proudhon's argument in **The General Idea of the Revolution in the Nineteenth Century**. There he argues that employees are *"subordinated, exploited"* and their *"permanent condition is one of obedience,"* a *"slave."* [p. 216] Indeed, capitalist companies *"plunder the bodies and souls of wage workers"* and they are *"an outrage upon human dignity and personality."* [p. 218] However, in a co-operative the situation changes and the worker is an *"associate"* and *"forms a part of the producing organisation . . . [and] forms a part of the sovereign power, of which he was before but the subject."* [p. 216] Without co-operation and association, *"the workers . . . would remain related as subordinates and superiors, and there would ensue two industrial castes of masters and*

wage-workers, which is repugnant to a free and democratic society." [p. 216]

And we must add that John Stuart Mill (who agreed with the Warrenite slogan "*Individual Sovereignty*") faced with the same problem that wage labour made a mockery of individual liberty came to the same conclusion. He thought that if "*mankind is to continue to improve*" (and it can only improve within liberty, we must add) then in the end one form of association will predominate, "*not that which can exist between a capitalist as chief, and workpeople without a voice in management, but the association of the labourers themselves on terms of equality, collectively owning the capital with which they carry on their operations, and working under managers elected and removable by themselves.*" [quoted by Carole Pateman, **Participation and Democratic Theory**, p. 34]

Therefore, logically, individualist anarchism must support co-operatives and self-employment in order to ensure the maximum individual self-government and labour's "*natural wage*." That this is the case can be seen from Tucker's quoting Ernest Lesigne that anarchistic socialism aims for "*The land to the cultivator. The mine to the miner. The tool to the labourer. The product to the producer.*"

It can also be seen from Tucker's description of what would replace the current system of statism (and note he calls it "*scientific socialism*" thus squarely placing his ideas in the anti-capitalist camp):

"we have something very tangible to offer, . . . We offer non-compulsive organisation. We offer associative

combination. We offer every possible method of voluntary social union by which men and women may act together for the furtherance of well-being. In short, we offer voluntary scientific socialism in place of the present compulsory, unscientific organisation which characterises the State and all of its ramifications. . ."
[quoted in Martin, **Op. Cit.**, p. 218]

Tucker himself pointed out that *"the essence of government is control. . . He who attempts to control another is a governor, an aggressor, an invader."* [**Instead of a Book**, p. 23]. However, in places in **Instead of a Book** Tucker suggests that (non-exploitative, and so non-capitalist) wage labour could exist in individualist anarchy. Unlike wage labour under capitalism, workers would employ other workers and all workers would receive the full product of their labour. As such, this relationship is **non-capitalist** as it does not involve usury. Be that as it may, such relationships are not libertarian and so contradict Tucker's own theories on individual liberty (as Proudhon and Mill recognised with their own, similar, positions). Wage labour is based on the control of the worker by the employer; hence Tucker's contract theory can lead to a form of "voluntary" and "private" government within the workplace. This means that, while outside of a contract an individual is free, within it he or she is governed. This violates Tucker's concept of *"equality of liberty,"* since the boss has obviously more liberty than the worker during working hours.

This result, as noted in section [A.3](#), could **only** be avoided by workers' control, which is in fact the logical implication of Tucker's and other individualists' proposals (as we have proven above, and can be seen

from Tucker's famous essay "*State Socialism and Anarchism*" for example). This is hardly a surprising implication, since as we've seen, artisan production was commonplace in 19th-century America and its benefits were extolled by the individualists. Without workers' control, individualist anarchism would soon become a form of capitalism and so statism -- a highly unlikely intention of individualists like Tucker, who hated both.

Therefore, given the assumptions of individualist anarchism in both their economic and political aspects, it is forced along the path of co-operative, not wage, labour. In other words, individualist anarchism is a form of socialism as workers receive the full product of their labour (i.e. there is no non-labour income) and this, in turn, logically implies a society in which self-managed firms compete against each other on the free market, with workers selling the product of their labour and not the labour itself. As this unites workers with the means of production they use, it is **not** capitalism and instead a form of socialism based upon worker ownership and control of the places they work.

For individualist anarchists not to support co-operatives results in a contradiction, namely that the individualist anarchism which aims to secure the worker's "*natural wage*" cannot in fact do so, while dividing society into a class of order givers and order takers (which violates individual self-government). It is this contradiction within Tucker's thought which the self-styled "anarcho"-capitalists take advantage of in order to maintain that individualist anarchism in fact implies capitalism (and so private-statism), not workers' control. In order to reach this implausible conclusion, a few individualist anarchist ideas are ripped from their social context and applied in

a way that makes a mockery of them. That it was never Tucker's intention to deny workers' control can be inferred from his argument that mutualism would give workers the bargaining power to obtain equality in the workplace, which clearly points to the end of capitalist authority relations, as will be explained further in section [G.5](#).

However, due to problems inherent in the nature of a market economy, even the assumption of workers' control may not be enough to ensure that individualistic anarchism does not become a new form of archy, as will be discussed in section G.4 (["Why do social anarchists reject individualist anarchism ideas?"](#)).

G.3 WHAT ABOUT "ANARCHO"-CAPITALISTS' SUPPORT OF TUCKER'S "DEFENCE ASSOCIATIONS"?

The individualist anarchists advocated individual possession of land and tools and the free exchange of the products of labour between self-employed people. Therefore they also supported the idea of "defence associations" to ensure that the fruits of an individual's labour would not be stolen by others. Again, the social context of individualist anarchism -- namely, a society of self-employed artisans (see sections [G.1](#) and [G.2](#)) -- is crucial for understanding these proposals. However, as in their treatment of Tucker's support for contract theory, "anarcho"-capitalists (e.g. Murray Rothbard) remove the individualists' ideas about free-market defence associations and courts from the social context in which they were proposed, using those ideas in an attempt to turn the individualists into defenders of capitalism.

As indicated in [section G.1](#), the social context in question was one in which an economy of artisans and peasant farmers was being replaced by a state-backed capitalism. This context is crucial for understanding the idea of the "defence associations" that Tucker suggested. For what he proposed was clearly **not** the defence of capitalist property relations. This can be seen, for example, in his comments on land use. Thus:

"'The land for the people' . . . means the protection by . . . voluntary associations for the maintenance of justice . . . of all people who desire to cultivate land in possession of whatever land they

personally cultivate . . . and the positive refusal of the protecting power to lend its aid to the collection of any rent, whatsoever." [Op. Cit., p. 299]

There is no mention here of protecting **capitalist** farming, i.e. employing wage labour; rather, there is explicit mention that only land being used for **personal** cultivation -- thus **without** employing wage labour -- would be defended. In other words, the defence association would defend "*occupancy and use*" (which is a clear break with capitalist property rights) and not the domination of the landlord over society or those who use the land the landlord claims to own.

Refusal to pay rent on land is a key aspect of Tucker's thought, and it is significant that he explicitly rejects the idea that a defence association can be used to collect it. In addition, as a means towards anarchy, Tucker suggests "*inducing the people to steadily refuse the payment of rent and taxes*" [Op. Cit., p. 299]. It is hard to imagine that a landowner influenced by Murray Rothbard or David Friedman would support such an arrangement or a "defence association" that supported it.

The various economic proposals made by the individualist anarchists were designed to eliminate the vast differences in wealth accruing from the "*usury*" of industrial capitalists, bankers, and landlords. For example, Josiah Warren "*proposed like Robert Owen an exchange of notes based on labour time. . . He wanted to establish an 'equitable commerce' in which all goods are exchanged for their cost of production. . . . In this way profit and interest would be eradicated and a highly egalitarian order would emerge.*" [Peter Marshall,

Demanding the Impossible, p. 385] Given that the Warrenites considered that both workers and managers would receive equal payment for equal hours worked, the end of a parasitic class of wealthy capitalists was inevitable.

In the case of Benjamin Tucker, he was a firm adherent of the labour theory of value, believing that a free market and interest-free credit would reduce prices to the cost of production and increase demand for labour to the point where workers would receive the full value of their labour. In addition, recognising that gold was a rare commodity, he rejected a gold-backed money supply in favour of a land-backed one, as land with "*permanent improvements on [it]. . . [is] an excellent basis for currency.*" [**Instead of a Book**, p. 198] Given that much of the population at the time worked on their own land, such a money system would have ensured that entry into the banking market was easier as well, by allowing easy credit secured by land. Mutualism replaced the gold standard (which, by its very nature would produce an oligarchy of banks) with money backed by other, more available, commodities.

Rothbard rejects all of this, the social context of Tucker's ideas on "defence associations." In fact, he attacks what he considers the "bad economics" of the individualists without realising it is **precisely** these "bad" (i.e. anti-capitalist) economics which will make "defence associations" irrelevant as workers' received the full product of their labour (so destroying usury) and workers' control spreads and replaces the irrational authority of the capitalist-labourer social relationship with the egalitarian relationships of co-operative and artisan production. Unless this social context exists, any

defence associations will soon become mini-states, serving to enrich the elite few by protecting the usury they gain from, and their power and control (i.e. government) over, those who toil. In other words, the "defence associations" of Tucker and Spooner would not be private states, enforcing the power of capitalists upon wage workers. Instead, they would be like insurance companies, protecting possessions against theft (as opposed to protecting capitalist theft from the dispossessed as would be the case in "anarcho"-capitalism -- an important difference lost on the private staters).

In addition, the emphasis given by Tucker and Lysander Spooner to the place of juries in a free society is equally important for understanding how their ideas about defence associations fit into a non-capitalist scheme. For by emphasising the importance of trial by jury, they knock an important leg from under the private statism associated with "anarcho"-capitalism. Unlike a wealthy judge, a jury made up mainly of fellow workers would be more inclined to give verdicts in favour of workers struggling against bosses or of peasants being forced off their land by immoral, but legal, means. It is hardly surprising that Rothbard rejects this in favour of the mysticism and authoritarianism of "*natural law*." As Lysander Spooner argued in 1852, "*[i]f a jury have not the right to judge between the government and those who disobey its laws, and resist its oppressions, the government is absolute, and the people, legally speaking, are slaves. Like many other slaves they may have sufficient courage and strength to keep their masters somewhat in check; but they are nevertheless known to the law only as slaves.*" [**Trial by Jury**] And "Natural Law" implies a body, a "Natural Government" perhaps,

which determines what it is -- in Rothbard's case a system of professional and wealthy "arbitrators" who determine what is and what is not "custom" and "reason."

As Individualist Anarchist Laurance Labadie (the son of Joseph Labadie) argues against Rothbard's misrepresentation of the idea that there would be "*no rational or objective body of law*" in Individualist Anarchy:

"Mere common sense would suggest that any court would be influenced by experience; and any free market court or judge would in the very nature of things have some precedents guiding them in their instructions to a jury. But since no case is exactly the same, a jury would have considerable say about the heinousness of the offence in each case, realising that circumstances alter cases, and prescribing penalty accordingly. This appeared to Spooner and Tucker to be a more flexible and equitable administration of justice possible or feasible, human beings being what they are . . .

*"But when Mr. Rothbard quibbles about the jurisprudential ideas of Spooner and Tucker, and at the same time upholds **presumably in his courts** the very economic evils which are at the bottom the very reason for human contention and conflict, he would seem to be a man who*

chokes at a gnat while swallowing a camel." [quoted by Mildred J. Loomis and Mark A. Sullivan, **Benjamin R. Tucker and the Champions of Liberty**, Coughlin, Hamilton and Sullivan (eds.), p. 124]

By focusing selectively on a few individualist proposals taken out of their social context, Murray Rothbard and other "anarcho"-capitalists have turned the potential libertarianism of the individualist anarchists into yet another ideological weapon in the hands of (private) statism and capitalism. As Peter Sabatini argues (in **Libertarianism: Bogus Anarchy**):

"in those rare moments when [Murray] Rothbard (or any other [right-wing] Libertarian) does draw upon individualist anarchism, he is always highly selective about what he pulls out. Most of the doctrine's core principles, being decidedly anti-Libertarianism, are conveniently ignored, and so what remains is shrill anti-statism conjoined to a vacuous freedom in hackneyed defence of capitalism. In sum, the 'anarchy' of Libertarianism reduces to a liberal fraud."

G.4 WHY DO SOCIAL ANARCHISTS REJECT INDIVIDUALIST ANARCHISM?

As noted in earlier sections, individualists mostly base their economic ideas on the free market. However, as we have argued elsewhere (see section [B.1](#)), competition for profits in a free market creates numerous problems -- for example, the creation of an "*ethics of mathematics*" and the strange inversion of values in which things (property) become more important than people. In addition, the accumulation needs of a competitive market economy do not disappear just because capitalism has been replaced by co-operatives and mutual credit banks -- a fact that implies the inevitable development of big business.

Unless there is some form of community control, a free market in banks may soon lead to the growth of purely capitalist firms. For in order to survive, banks -- like any company -- will have to make money, and so they will wish to lend to the most profitable firms. Capitalist firms are exploitative, thus allowing them to expand faster than co-operative firms. Hence even mutual banks will wind up preferring to lend to capitalist firms in order to survive on the market. This will enforce the division of labour (as opposed to work) as the most "efficient" way of exploiting workers, and this practice will spread across the economy like an oil slick as more and more co-operatives find themselves needing to introduce similar working practices in order to survive. Thus competition will soon result in like competing against like, not only in the market but also in production.

While mutual banks would undoubtedly aid the position of workers under capitalism (which is why Bakunin and

other social anarchists recommended them), they cannot undermine capitalism. This is because capitalism, due to its need to accumulate, creates **natural** barriers to entry into a market (see section C.4, ["Why does the market become dominated by Big Business?"](#)). For this reason, even in a mutualist market certain companies would receive a bigger slice of profits than (and at the expense of) others. This means that exploitation would still exist as larger companies could charge more than cost for their products. In addition, the free market in banking would also result in **its** market being dominated by a few big banks, with similar results.

This problem was recognised by Tucker himself in the postscript to a 1911 London edition of his famous essay *"State Socialism and Anarchism."* While arguing that when he wrote his essay 25 years earlier *"the denial of competition had not effected the enormous concentration of wealth that now so gravely threatens social order"* and so a policy of mutual banking might have stopped and reversed the process of accumulation, the way was now (in 1911) *"not so clear."* This was because the tremendous capitalisation of industry now made monopoly a convenience, but no longer a necessity. Admitted Tucker, *"The trust is now a monster which. . . even the freest competition, could it be instituted, would be unable to destroy"* as the *"concentrated capital"* could set aside a sacrifice fund to bankrupt smaller competitors and continue the process of expansion of reserves. Natural barriers to entry, resulting from the process of capitalist production, had ensured that mutualism could no longer reform capitalism away and the problem of the trusts *"must be grappled with for a time solely by forces political or revolutionary."* [James J. Martin, **Men Against the State**, p. 273]

In addition, even if individualist mutualism **did** result in an increase in wages by developing artisan and co-operative ventures that decreased the supply of labour in relation to its demand, this would not eliminate the subjective and objective pressures on profits that produce the business cycle within capitalism (see sections [C.7](#) and [C.8](#) for more on these pressures). This means that an increase in the bargaining power of labour would soon see capital moving to non-anarchist areas and using its financial power to buy up any resources in the anarchist areas. Because individualist anarchists assume an evolution towards anarchy, this is a distinct possibility. And co-operatives in a market economy will be as influenced by the business cycle as capitalist firms.

Also, we may note, in the slow transition towards anarchism, we would see the rise of pro-capitalist "defence associations" which **would** collect rent from land, break strikes, attempt to crush unions and so on. With the head start big business and wealthy have in terms of resources, conflicts between pro- and anti-capitalist "defence associations" would usually work against the anti-capitalist ones (as trade unions often find out). In other words, reforming capitalism would not be as non-violent or as simple as Tucker maintained.

Mutual banks would not, therefore, undermine modern capitalism. Moreover, any individualist system could revert back to wage labour, for two reasons. Firstly, there is a possibility that **possession** would be replaced by **property** as individuals sell their means of production to others voluntarily or to repay loans in bad times and these new owners create "defence associations" to enforce their claims. In addition (and this may seem ironic), wage labour does have the advantage that people

can move to new locations and work without having to sell their old means of living. Often moving somewhere can be a hassle if one has to sell a shop or home. Many people prefer not to be tied down to one place. This is a problem in a system based on self-employed artisan labour, but not in social anarchism.

If we take the first problem, namely the creation of employer-employee relationships within an anarchy, we see the danger of private statism arising (as in "anarcho"-capitalism) and so the end of anarchy. Such a development can be seen when Tucker argues that if, in an anarchy, *"any labourers shall interfere with the rights of their employers, or shall use force upon inoffensive 'scabs,' or shall attack their employers' watchmen. . . I pledge myself that, as an Anarchist and in consequence of my Anarchistic faith, I will be among the first to volunteer as a member of a force to repress these disturbers of order, and, if necessary, sweep them from the earth."* [**Instead of a Book**, p. 455]

In such a situation, these defence associations would be indeed "private states" and here Tucker's ideas unfortunately do parallel those of the "anarcho"-capitalists (although, as the employees would not be exploited by the employer, this does not suggest that Tucker can be considered a proto-"anarcho"-capitalist). As Kropotkin warned, *"[f]or their self-defence, both the citizen and group have a right to any violence [within individualist anarchy] . . . Violence is also justified for enforcing the duty of keeping an agreement. Tucker. . . opens. . . the way for reconstructing under the heading of the 'defence' all the functions of the State."* [**Kropotkin's Revolutionary Pamphlets**, p. 297] However, as we have argued, his opposition to usury in all forms implies

co-operative labour, not wage labour, and if such a strike did occur in individualist anarchy it indicates that it was turning back into capitalism. And we may note this "love it or leave it" attitude of Tucker in regards firms in an anarchy ignores the fact that following orders is **not** a form of liberty and is degrading even when you get the full product of your labour. Ironically, by placing so much stress in opposing capitalist **exploitation**, instead of capitalist **oppression**, Tucker is actually closer to (the "authoritarian") Marx than (the "libertarian") Proudhon (Tucker's terms) and like Marx opens the door to various kinds of domination and restrictions on individual self-government within "*scientific socialism*" (one of Tucker's expressions for individualist anarchy!). Again we see a support for contract theory creating authoritarian, not libertarian, relationships between people.

Talking of which, we must note another contradiction within Tucker's viewpoint highlighted by this diatribe against strikes in an anarchy. If, as Tucker maintained, in an individualist anarchy the demand for workers exceeded supply (unlike under capitalism) so ensuring that "*labour will. . . be in a position to dictate its wages, and will thus secure its natural wage, its entire product*" [The Anarchist Reader, p. 150], how will the employer attract enough scabs? There would be few if any workers willing to swap jobs and work for an employer whose management style provoked strikes by fellow workers. And in such a situation the power of labour would be so strong that workers' control would have occurred long before!

Peter Kropotkin recognised the statist implications of some aspects of anarchist individualism which Tucker's

strike example highlights. Tucker's anarchism, due to its uncritical support for contract theory, could result in a few people dominating economic life, because "*no force*" would result in the perpetuation of authority structures, with freedom simply becoming the "*right to full development*" of "*privileged minorities*." But, Kropotkin argued, "*as such monopolies cannot be maintained otherwise than under the protection of a monopolist legislation and an organised coercion by the State, the claims of these individualists necessarily end up in a return to the State idea and to that same coercion which they so fiercely attack themselves. Their position is thus the same as that of Spencer and of the so-called 'Manchester school' of economists, who also begin by a severe criticism of the State and end up in its full recognition in order to maintain the property monopolies, of which the State is the necessary stronghold.*" [Kropotkin's **Revolutionary Pamphlets**, p. 162]

Such would be the possible (perhaps probable) result of the individualists' contract theory of freedom without a social background of communal self-management and ownership. As can be seen from capitalism, a society based on the abstract individualism associated with contract theory would, in practice, produce social relationships based on power and authority (and so force -- which would be needed to back up that authority), **not** liberty. As we argued in section [A.2.14](#), voluntarism is **not** enough in itself to preserve freedom (as Kropotkin argued, the "*individualisation* they [the individualists] so highly praise is not attainable by individual efforts" [Op. Cit., p. 297]).

Therefore, social anarchists have to part company with individualists when the latter apply **to bosses** the maxim, *"[t]o coerce the peaceful non-co-operator is to violate equality of liberty."* [Tucker, **Instead of a Book**, p. 42] A boss not only *"attempts to control another"* but **succeeds** in doing so every day at work. To "coerce" bosses by removing their authority to control (i.e. to govern) others is not itself coercion but a blow struck for liberty. It is not coercive to prevent others from coercing! Therefore, social anarchists favour direct actions, such as the occupation of workplaces, picketing, etc., irrespective of whether such measures are desired by the boss. However, as already indicated in [A.3.1](#), social anarchists reject attempts to coerce other workers into joining a co-operative.

Free contracts are not sufficient to ensure freedom. Therefore, social anarchists reject the individualists' conception of anarchy, simply because it can, unfortunately, allow hierarchy (i.e. government) back into a free society in the name of "liberty" and "free contracts." Freedom is fundamentally a social product, created in and by community. It is a fragile flower and does not fare well when bought and sold on the market.

As we noted in the last section, Individualist "defence associations" would not be the private states of "anarcho"-capitalism only if the workplaces they protected were co-operatives (and we have indicated why Individualist Anarchism logically implies co-operative labour). Tucker's example only drives home the contradictions in his views, contradictions resulting from his liberal slant on anarchism. If we agree with Kropotkin that Tucker's ideas are a combination of the anarchist Proudhon's and the liberal capitalist Herbert

Spencer's, we see where the contradiction lies. If we reject Proudhon's support for association/co-operation as the basis of an anarchist economy, we are left with liberal capitalism and the need to protect the power of the employer over the employee, and so some form of statism ("anarcho"-capitalists, by ignoring Proudhon's argument from the start, miss the contradiction by jumping straight to capitalism and so private statism). Moreover, even assuming that such "defence associations" did protect a co-operative economy, they would still suffer from the problems of collusion which "anarcho"-capitalist "defence associations" face (as described in section [F.6.3](#)). If "self-defence" does become a commodity on the market, there is a distinct danger that the "defence associations" would (in time) become a new public state, due to the unique market forces within that specific market.

Also, Kropotkin saw that Tucker's argument against the forced expropriation of social capital by the working class would lead to a continuation of authoritarian relations in production, which would need to be maintained by coercion through some kind of state (aka "anarcho"-capitalist private states). In addition, Kropotkin seriously doubted that capitalism could be reformed away as Tucker maintained.

In addition, even assuming a fully individualist economy, co-operatives would still be controlled or influenced by market forces, which would drive them to increase working hours, create a division of labour, and implement a host of other dehumanising working practices in order to compete successfully against other co-operatives, and thus to "survive" economically. Hence

survival, not **living**, would be the norm within such a society, just as it is, unfortunately, in capitalism.

So, taken as a whole, individualist anarchism would tend to revert back to capitalism. Moreover, it would not eliminate the tendency of a market economy to reduce people to commodities, as can be seen from Tucker's argument that children are "owned" by their parents until such time as they are able to make contracts -- an argument that led him, for the sake of logical consistency, to tolerate child labour. Therefore, because of the forces and tendencies at work within the any market system, social anarchists recognise the need to communalise, and so decentralise, production and finance in order to ensure that freely associated and co-operative labour is the basis of a free society.

Finally, as to its means of activism, individualist anarchism exaggerates the potential of mutual banks to fund co-operatives. While the creation of community-owned and -managed mutual credit banks would help in the struggle for a free society, such banks are not enough in themselves. Unless created as part of the social struggle against capitalism and the state, and unless combined with community and strike assemblies, mutual banks would quickly die, because the necessary social support required to nurture them would not exist. Mutual banks must be part of a network of other new socio-economic and political structures and cannot be sustained in isolation from them. This is simply to repeat our earlier point that capitalism cannot be reformed away.

However, while social anarchists disagree with the proposals of individualist anarchists, we do still consider

them to be a form of anarchism -- one with many flaws and one perhaps more suited to an earlier age when capitalism was less developed and its impact upon society far less than it is now. John Quail, in his history of British Anarchism, puts his finger on the contextual implications and limitations of Tucker's ideas when he writes: *"Tucker was a Proudhonist and thus fundamentally committed to a society based on small proprietorship. In the American context, however, where the small landowner was often locked in battle with large capitalist interests, this did not represent the reactionary position it often did later. . . Tucker had a keen sense of the right of the oppressed to struggle against oppression."* [**The Slow Burning Fuse**, p. 19]

G.5 BENJAMIN TUCKER: CAPITALIST OR ANARCHIST?

Benjamin Tucker was against "capitalism" in the sense in which he defined it: namely, as a state-supported monopoly of social capital (tools, machinery, etc.) which allows owners to avoid paying workers the full value of their labour [see **Instead of a Book**]. Indeed, he thought that the "*labouring classes are deprived of their earnings by usury in its three forms, interest, rent and profit.*" [quoted by James J. Martin, **Men Against the State**, p. 210f] This stance puts him squarely in the libertarian socialist tradition.

Indeed, Tucker referred to himself many times as a socialist. It is true that he also sometimes railed against "socialism," but in those cases it is clear that he was referring to **state** socialism. As he argues himself there are two kinds of socialism based upon two different principles:

"The two principles referred to are Authority and Liberty, and the names of the two schools of Socialistic thought which fully and unreservedly represent one or the other of them are, respectively, State Socialism and Anarchism. Whoso knows what these two schools want and how they propose to get it understands the Socialistic movement. For, just as it has been said that there is no half-way house between Rome and Reason, so it may be said that there is no half-way house between State Socialism and Anarchism." [**The Anarchist Reader**, p. 150]

He also made it clear that he was against private property and so supported Proudhon's argument that "*property is theft*," and even translated Proudhon's "*What is Property?*", where that phrase originated. Tucker advocated **possession** but not private property, believing that empty land, houses, etc. should be squatted by those who could use them, as labour (i.e. use) would be the only title to "property" (Tucker opposed all non-labour income as usury).

This was because Tucker did not believe in a "*natural right*" to property nor did he approve of unlimited holdings of scarce goods. He clearly recognised that allowing "absolute" rights to private property, when land was scarce, would result in the liberty of non-owners being diminished. As he put it:

"It should be stated, however, that in the case of land, or of any other material the supply of which is so limited that all cannot hold it in unlimited quantities, Anarchism undertakes to protect no titles except such as are based on actual occupancy and use." [**Instead of a Book**, p. 61]

This, he thought, would reduce the evils of capitalism and increase liberty. For those who own no property have no room for the soles of their feet unless they have the permission of those who do own property, hardly a situation that would increase, nevermind protect, freedom for all.

Therefore, Tucker considered private property in land use (which he called the "*land monopoly*") as one of the four great evils of capitalism. According to Tucker, "*the land monopoly. . . consists in the enforcement by*

government of land titles which do not rest upon personal occupancy and cultivation. . .the individual should no longer be protected by their fellows in anything but personal occupation and cultivation of land" [**The Anarchist Reader**, p. 150]. The other capitalist monopolies were based on credit, tariffs and patents and all were reflected in (and supported by) the law.

Tucker believed that bankers' monopoly of the power to create credit and currency is the linchpin of capitalism. Although he thought that all forms of monopoly are detrimental to society, he maintained that the banking monopoly is the worst, since it is the root from which both the industrial-capitalist and landlordist monopolies grow and without which they would wither and die. For, if credit were not monopolised, its price (i.e. interest rates) would be much lower, which in turn would drastically lower the price of capital goods, land, and buildings -- expensive items that generally cannot be purchased without access to credit. The freedom to squat empty land and buildings would, in the absence of a state to protect titles, further contribute to the elimination of rent:

"Ground rent exists only because the State stands by to collect it and to protect land titles rooted in force or fraud. Otherwise land would be free to all, and no one could control more than he used." [quoted by James J. Martin, **Op. Cit.**, p. 210]

Following Proudhon, Tucker argued that if any group of people could legally form a "mutual bank" and issue credit based on any form of collateral they saw fit to accept, the price of credit would fall to the labour cost of

the paperwork involved in issuing and keeping track of it. He claimed that banking statistics show this cost to be less than one percent of principal, and hence, that a one-time service fee which covers this cost and no more is the only **non-usurious** charge a bank can make for extending credit. This charge should not be called "interest," since, as it represented the labour-cost in providing, it is non-exploitative.

Tucker believed that under mutual banking, capitalists' ability to extract surplus value from workers in return for the use of tools, machinery, etc. would be eliminated because workers would be able to obtain zero-interest credit and use it to buy their own instruments of production instead of "renting" them, as it were, from capitalists. Easy access to mutual credit would result in a huge increase in the purchase of capital goods, creating a high demand for labour, which in turn would greatly increase workers' bargaining power and thus raise their wages toward equivalence with the value their labour produces.

It's important to note that because of Tucker's proposal to increase the bargaining power of workers through access to mutual credit, his individualist anarchism is not only compatible with workers' control but would in fact **promote** it (as well as logically requiring it). For if access to mutual credit were to increase the bargaining power of workers to the extent that Tucker claimed it would, they would then be able to: (1) demand and get workplace democracy; and (2) pool their credit to buy and own companies collectively. This would eliminate the top-down structure of the firm and the ability of owners to pay themselves unfairly large salaries as well as reducing capitalist profits to zero by ensuring that

workers received the full value of their labour. Tucker himself pointed this out when he argued that Proudhon (like himself) "*would individualise and associate*" workplaces by mutualism, which would "*place the means of production within the reach of all.*" [quoted by Martin, **Op. Cit.**, p. 228] Proudhon used the word "*associate*" to denote co-operative (i.e. directly democratic) workplaces (and given Proudhon's comments - quoted in section [G.2](#) - on capitalist firms we can dismiss any attempt to suggest that the term "*individualise*" indicates support for capitalist rather than artisan/peasant production, which is the classic example of individualised production).

Thus the logical consequence of Tucker's proposals would be a system equivalent in most important respects to the kind of system advocated by other left libertarians - a system without wage slavery (and so exploitation) and with "*the greatest amount of liberty compatible with equality of liberty.*" [Tucker, **Instead of a Book**, p. 131]

Tucker's ideal society was one of small entrepreneurs, farmers, artisans, independent contractors and co-operative associations based around a network of mutual banks. He looked to alternative institutions such as co-operative banks and firms, schools and trade unions, combined with civil disobedience in the form of strikes, general strikes, tax and rent strikes and boycotts to bring anarchism closer - "*strikes, whenever and wherever inaugurated, deserve encouragement from all the friends of labour. . . They show that people are beginning to know their rights, and knowing, dare to maintain them.*" [Tucker, **Liberty**, 15/4/1881] Echoing Bakunin's thoughts on the subject, Tucker maintained that strikes should be supported and encouraged because "*as an*

*awakening agent, as an agitating force, the beneficent influence of a strike is immeasurable. . . with our present economic system almost every strike is just. For what is justice in production and distribution? That labour, which creates all, shall have **all**.*" [Tucker, **Liberty**, #19, 1882]

Like the anarcho-syndicalists and many other social anarchists, Tucker considered Labour unions as a positive development, being a "*crude step in the direction of supplanting the State*" and involved a tendency "*for self-government on the part of the people, the logical outcome of which is ultimate revolt against those usurping political conspiracies*" and so "*a potent sign of emancipation.*" [**Ibid.**, pp. 231-232] Hence we see the co-operative nature of the voluntary organisations supported by Tucker.

In this way working people would reform capitalism away by non-violent social protest combined with an increase in workers' bargaining power by alternative voluntary institutions and free credit. Exploitation would be eliminated and workers would gain economic liberty (i.e. the full value of their labour and workers' control). He firmly believed that the "*most perfect Socialism is possible only on the condition of the most perfect individualism.*" [cited by Peter Marshall, **Demanding the Impossible**, p. 390] In other words, Tucker "*remained a left rather than a right-wing libertarian.*" [Peter Marshall, **Op. Cit.**, p. 391]

There are, of course, many differences between the anarchism of, say, Bakunin and Kropotkin and that of Tucker. Tucker's system, for example, does retain some features usually associated with capitalism, such as

competition between firms in a free market. However, the fundamental anarchist objection to capitalism is not that it involves markets but that it involves private property and wage slavery. Tucker's system was intended to eliminate both, which is why he called himself a socialist. This fact is overlooked by "anarcho"-capitalists who, in seeking to make Tucker one of their "founding fathers," point to the fact that he spoke of the advantages of owning "property." But it is apparent that by "property" he was referring to simple "possession" of land, tools, etc. by independent artisans, farmers, and co-operating workers (he used the word property *"as denoting the labourer's individual possession of his product or his share of the joint product of himself and others."* [Tucker, **Instead of a Book**, p. 394]. For, since Tucker saw his system as eliminating the ability of capitalists to maintain exploitative monopolies over the means of production, it is therefore true **by definition** that he advocated the elimination of "private property" in the capitalist sense.

Therefore, as can be seen, his views are directly opposed to those of right libertarians like Murray Rothbard, who advocate "absolute" property rights which are protected by laws enforced either by private security forces or a "night watchman state." This clearly indicates that Rothbard's claim to have "modernised" Tucker's thought is **false** - "ignored" or "changed" would be more appropriate.

Thus, Tucker is clearly a left libertarian rather than a forefather of right libertarianism. In this he comes close to what today would be called a market socialist, albeit a non-statist variety.

G.6 WHAT ARE THE IDEAS OF MAX STIRNER?

To some extent, Stirner's work **The Ego and Its Own** is like a Rorschach test. Depending on the reader's psychology, he or she can interpret it in drastically different ways. Hence, some have used Stirner's ideas to defend capitalism, while others have used them to argue for anarcho-syndicalism. For example, many in the anarchist movement in Glasgow, Scotland, took Stirner's *"Union of Egoists"* literally as the basis for their anarcho-syndicalist organising. In this section of the FAQ, we will indicate why, in our view, the syndicalistic interpretation of egoism is far more appropriate than the capitalistic one.

It should be noted, before continuing, that Stirner's work has had a bigger impact on individualist anarchism than social anarchism. Ben Tucker, for example, considered himself an egoist after reading **The Ego and Its Own**. However, social anarchists have much to gain from understanding Stirner's ideas and applying what is useful in them. This section will indicate why.

So what is Stirner all about? Simply put, he is an Egoist, which means that he considers self-interest to be the root cause of an individual's every action, even when he or she is apparently doing "altruistic" actions. Thus: *"I am everything to myself and I do everything **on my account.**"* [**The Ego and Its Own**, p. 162]. Even love is an example of selfishness, *"because love makes me happy, I love because loving is natural to me, because it pleases me."* [**Ibid.**, p. 291] He urges others to follow him and *"take courage now to really make **yourselves** the central point and the main thing altogether."* As for

other people, he sees them purely as a means for self-enjoyment, a self-enjoyment which is mutual: *"For me you are nothing but my food, even as I am fed upon and turned to use by you. We have only one relation to each other, that of **usableness**, of utility, of use."* [**Ibid.**, pp. 296-7]

For Stirner, all individuals are unique (*"My flesh is not their flesh, my mind is not their mind," Ibid.*, p. 138) and should reject any attempts to restrict or deny their uniqueness. *"To be looked upon as a mere **part**, part of society, the individual cannot bear -- because he is **more**; his uniqueness puts from it this limited conception."* [**Ibid.**, p. 265] Individuals, in order to maximise their uniqueness, must become aware of the **real** reasons for their actions. In other words they must become conscious, not unconscious, egoists. An unconscious, or involuntary, egoist is one *"who is always looking after his own and yet does not count himself as the highest being, who serves only himself and at the same time always thinks he is serving a higher being, who knows nothing higher than himself and yet is infatuated about something higher."* [**Ibid.**, p. 36] In contrast, egoists are aware that they act purely out of self-interest, and if they support a "higher being," it is not because it is a noble thought but because it will benefit themselves.

Stirner himself, however, has no truck with "higher beings." Indeed, with the aim of concerning himself purely with his own interests, he attacks all "higher beings," regarding them as a variety of what he calls *"spooks,"* or ideas to which individuals sacrifice themselves and by which they are dominated. Among the *"spooks"* Stirner attacks are such notable aspects of

capitalist life as private property, the division of labour, the state, religion, and society itself. We will discuss Stirner's critique of capitalism before moving onto his vision of an egoist society (and how it relates to social anarchism).

For the egoist, private property is a spook which *"lives by the grace of law. . . [and] becomes 'mine' only by effect of the law"* [*Ibid.*, p. 251]. In other words, private property exists purely *"through the **protection of the State**, through the State's grace."* [*Ibid.*, p. 114] Recognising its need for state protection, Stirner is also aware that *"[i]t need not make any difference to the 'good citizens' who protects them and their principles, whether an absolute King or a constitutional one, a republic, if only they are protected. And what is their principle, whose protector they always 'love'?. . . interesting-bearing possession. . .labouring capital. . ."* [*Ibid.*, pp. 113-114] As can be seen from capitalist support for fascism this century, Stirner was correct -- as long as a regime supports capitalist interests, the 'good citizens' (including many on the so-called "libertarian" right) will support it.

Stirner sees that not only does private property require state protection, it also leads to exploitation and oppression. As he points out, private property's *"principle"* is *"labour certainly, yet little or none at all of one's own, but labour of capital and of the subject labourers."* [*Ibid.*, pp. 113-114] In addition, Stirner attacks the division of labour resulting from private property for its deadening effects on the ego and individuality of the worker (see section D.10, ["How does capitalism affect technology?"](#)). However, it is the exploitation of labour which is the basis of the state, for

the state *"rests on the slavery of labour. If labour becomes free, the State is lost."* [**Ibid.**, p.116] Without surplus value to feed off, a state could not exist.

For Stirner, the state is the greatest threat to his individuality: *"I am free in **no** State."* [**Ibid.**, p.195] This is because the state claims to be sovereign over a given area, while, for Stirner, only the ego can be sovereign over itself and that which it uses (its *"property"*): *"I am my **own** only when I am master of myself."* [**Ibid.**, p.169] Therefore Stirner urges insurrection against all forms of authority and **dis**-respect for property. For *"[i]f man reaches the point of losing respect for property, everyone will have property, as all slaves become free men as soon as they no longer respect the master as master"* [**Ibid.**, p. 258]. And in order for labour to become free, all must have *"property."* *"The poor become free and proprietors only when they **rise**."* [**Ibid.**, p. 260]

Stirner recognises the importance of self-liberation and the way that authority often exists purely through its acceptance by the governed. As he argues, *"... no thing is sacred of itself, but my **declaring it sacred**, by my declaration, my judgement, my bending the knee; in short, by my conscience."* [**Ibid.** p. 72] It is from this worship of what society deems *"sacred"* that individuals must liberate themselves in order to discover their true selves. And, significantly, part of this process of liberation involves the destruction of **hierarchy**. For Stirner, *"Hierarchy is domination of thoughts, domination of mind!"* and this means that we are *"kept down by those who are supported by thoughts"* [**Ibid.**, p. 74], i.e. by our own willingness to not question authority and the sources of that authority, such as private property and the state.

For those, like modern-day "libertarian" capitalists, who regard "profit" as the key to "selfishness," Stirner has nothing but contempt. Because "greed" is just one part of the ego, and to spend one's life pursuing only that part is to deny all other parts. Stirner called such pursuit "*self-sacrificing*," or a "*one-sided, unopened, narrow egoism*," which leads to the ego being possessed by one aspect of itself. For "*he who ventures everything else for **one thing**, one object, one will, one passion. . . is ruled by a passion to which he brings the rest as sacrifices.*" [*Ibid.*, p. 76] For the true egoist, capitalists are "*self-sacrificing*" in this sense, because they are driven only by profit. In the end, their behaviour is just another form of self-denial, as the worship of money leads them to slight other aspects of themselves such as empathy and critical thought (the bank balance becomes the rule book). A society based on such "egoism" ends up undermining the egos which inhabit it, deadening one's own and other people's individuality and so reducing the vast potential "utility" of others to oneself. In addition, the drive for profit is not even based on self-interest, it is forced upon the individual by the workings of the market (an alien authority) and results in labour "*claim[ing] all our time and toil*," leaving no time for the individual "*to take comfort in himself as the unique.*" [*Ibid.*, pp. 268-9]

Stirner also turns his analysis to "socialism" and "communism," and his critique is as powerful as the one he directs against capitalism. This attack, for some, gives his work an appearance of being pro-capitalist, while, as indicated above, it is not. Stirner did attack socialism, but he (rightly) attacked **state** socialism, not libertarian socialism, which did not really exist at that time (the only well known anarchist work at the time was Proudhon's **What is Property?**, published in 1840 and

this work obviously could not fully reflect the developments within anarchism that were to come). He also indicated why moralistic (or altruistic) socialism is doomed to failure, and laid the foundations of the theory that socialism will work only on the basis of egoism (communist-egoism, as it is sometimes called). Stirner correctly pointed out that much of what is called socialism was nothing but warmed up liberalism, and as such ignores the individual: "*Whom does the liberal look upon as his equal? Man! . . ., In other words, he sees in you, not **you**, but the **species**.*" [Ibid., p. 123] A socialism that ignores the individual consigns itself to being state capitalism, nothing more. "Socialists" of this school forget that "society" is made up of individuals and that it is individuals who work, think, love, play and enjoy themselves. Thus: "*[t]hat society is no ego at all, which could give, bestow, or grant, but an instrument or means, from which we may derive benefit. . . of this the socialists do not think, because they -- as liberals -- are imprisoned in the religious principle and zealously aspire after -- a sacred society, such as the State was hitherto.*" [Ibid., p. 123]

So how could Stirner's egoist vision fit with social anarchist ideas? The key to understanding the connection lies in Stirner's idea of the "*union of egoists*," his proposed alternative mode of organising modern society. Stirner believes that as more and more people become egoists, conflict in society will decrease as each individual recognises the uniqueness of others, thus ensuring a suitable environment within which they can co-operate (or find "*truces*" in the "*war of all against all*"). These "*truces*" Stirner termed "**Unions of Egoists**." They are the means by which egoists could, firstly, "*annihilate*" the state, and secondly, destroy its

creature, private property, since they would "*multiply the individual's means and secure his assailed property.*" [Ibid., p. 258]

The unions Stirner desires would be based on free agreement, being spontaneous and voluntary associations drawn together out of the mutual interests of those involved, who would "*care best for their welfare if they unite with others.*" [Ibid., p. 309] The unions, unlike the state, exist to ensure what Stirner calls "*intercourse,*" or "*union*" between individuals. To better understand the nature of these associations, which will replace the state, Stirner lists the relationships between friends, lovers, and children at play as examples (see **No Gods, No Masters**, vol. 1, p. 25). These illustrate the kinds of relationships that maximise an individual's self-enjoyment, pleasure, freedom, and individuality, as well as ensuring that those involved sacrifice nothing while belonging to them. Such associations are based on mutuality and a free and spontaneous co-operation between equals. As Stirner puts it, "*intercourse is mutuality, it is the action, the commercium, of individuals*" [Ibid., p. 218], and its aim is "*pleasure*" and "*self-enjoyment.*"

In order to ensure that those involved do not sacrifice any of their uniqueness and freedom, the contracting parties have to have roughly the same bargaining power and the association created must be based on self-management (i.e. equality of power). Otherwise, we can assume that some of the egoists involved will stop being egoists and will allow themselves to be dominated by another, which is unlikely. As Stirner himself argued:

"But is an association, wherein most members allow themselves to be lulled as

regards their most natural and most obvious interests, actually an Egoist's association? Can they really be 'Egoists' who have banded together when one is a slave or a serf of the other? . . .

Societies wherein the needs of some are satisfied at the expense of the rest, where, say, some may satisfy their need for rest thanks to the fact that the rest must work to the point of exhaustion, and can lead a life of ease because others live in misery and perish of hunger . . . [such a society or association] is more of a religious society [than a real Egoist's association]"
[**No Gods, No Masters**, vol. 1, p. 24]

Therefore, egoism's revolt against all hierarchies that restrict the ego logically leads to the end of authoritarian social relationships, particularly those associated with private property and the state. Given that capitalism is marked by extensive differences in bargaining power outside its "associations" (i.e. firms) and power within these "associations" (i.e. the worker/boss hierarchy), from an egoist point of view it is in the self-interest of those subjected to such relationships to get rid of them and replace them with unions based on mutuality, free association, and self-management.

Given the holistic and egalitarian nature of the union of egoists, it can be seen that it shares little with the so-called free agreements of capitalism (in particular wage labour). The hierarchical structure of capitalist firms hardly produces associations in which the individual's experiences can be compared to those involved in

friendship or play, nor do they involve equality. An essential aspect of the "*union of egoists*" for Stirner was such groups should be "owned" by their members, not the members by the group. That points to a **libertarian** form of organisation within these "unions" (i.e. one based on equality and participation), **not** a hierarchical one. If you have no say in how a group functions (as in wage slavery, where workers have the "option" of "love it or leave it") then you can hardly be said to own it, can you? Indeed, Stirner argues, "*[a]s a unique individual you assert yourself alone in association, because the association does not own you, because you are the one who owns it*" and "*I have no wish to become a slave to my maxims, but would rather subject them to my ongoing criticism.*" [Op.Cit., p. 17] Thus, Stirner's "*union of egoists*" cannot be compared to the employer-employee contract as the employees cannot be said to "own" the organisation resulting from the contract (nor do they own themselves during work time, having sold their time/liberty to the boss in return for wages -- see [section B.4](#)). Only within a participatory association can "*assert*" yourself freely and subject your maxims, and association, to your "*ongoing criticism*" -- in capitalist contracts you can do both only with your bosses' permission.

And by the same token, capitalist contracts do not involve "leaving each other alone" (a la "anarcho"-capitalism). No boss will "leave alone" the workers in his factory, nor will a landowner "leave alone" a squatter on land he owns but does not use. Stirner rejects the narrow concept of "property" as private property and recognises the **social** nature of "property," whose use often affects far more people than those who claim to "own" it: "*I do not step shyly back from your property, but look upon it*

*always as **my** property, in which I 'respect' nothing. Pray do the like with what you call my property!" [The Ego and Its Own, p. 248].* This view logically leads to the idea of both workers' self-management and grassroots community control (as will be discussed more fully in [section I](#)) as those affected by an activity will take a direct interest in it and not let "respect" for "private" property allow them to be oppressed by others.

Moreover, egoism (self-interest) must lead to self-management and mutual aid (solidarity), for by coming to agreements based on mutual respect and social equality, we ensure non-hierarchical relationships. If I dominate someone, then in all likelihood I will be dominated in turn. By removing hierarchy and domination, the ego is free to experience and utilise the full potential of others. As Kropotkin argued in **Mutual Aid**, individual freedom and social co-operation are not only compatible but, when united, create the most productive conditions for all individuals within society.

Therefore Stirner's union of egoists has strong connections with social anarchism's desire for a society based on freely federated individuals, co-operating as equals. His central idea of "property" -- that which is used by the ego -- is an important concept for social anarchism, because it stresses that hierarchy develops when we let ideas and organisations own us rather than vice versa. A participatory anarchist community will be made up of individuals who must ensure that it remains their "property" and be under their control; hence the importance of decentralised, confederal organisations which ensure that control. A free society must be organised in such a way to ensure the free and full development of individuality and maximise the pleasure

to be gained from individual interaction and activity. Lastly, Stirner indicates that mutual aid and equality are based not upon an abstract morality but upon self-interest, both for defence against hierarchy and for the pleasure of co-operative intercourse between unique individuals.

Stirner demonstrates brilliantly how abstractions and fixed ideas ("*spooks*") influence the very way we think, see ourselves, and act. He shows how hierarchy has its roots within our own minds, in how we view the world. He offers a powerful defence of individuality in an authoritarian and alienated world, and places subjectivity at the centre of any revolutionary project, where it belongs. Finally, he reminds us that a free society must exist in the interests of all, and must be based upon the self-fulfilment, liberation and enjoyment of the individual.

G.7 LYSANDER SPOONER: RIGHT-LIBERTARIAN OR LIBERTARIAN SOCIALIST?

Murray Rothbard and others on the "libertarian" right have argued that Lysander Spooner is another individualist anarchist whose ideas support "anarcho"-capitalism's claim to be part of the anarchist tradition. As will be shown below, however, this claim is untrue, since it is clear that Spooner was a left libertarian who was firmly opposed to capitalism.

That Spooner was against capitalism can be seen in his opposition to wage labour, which he wished to eliminate by turning capital over to those who work it. Like Benjamin Tucker, he wanted to create a society of associated producers -- self-employed farmers, artisans and co-operating workers -- rather than wage-slaves and capitalists. For example, in his **Letter to Cleveland** Spooner writes: *"All the great establishments, of every kind, now in the hands of a few proprietors, but employing a great number of wage labourers, would be broken up; for few or no persons, who could hire capital and do business for themselves would consent to labour for wages for another."* [quoted by Eunice Minette Schuster, **Native American Anarchism**, p. 148]

This preference for a system based on simple commodity production in which capitalists and wage slaves are replaced by self-employed and co-operating workers puts Spooner squarely in the **anti-capitalist** camp with other individualist anarchists, like Tucker. And, we may add, the rough egalitarianism he expected to result from his system indicates the left-libertarian nature of his ideas, turning the present *"wheel of fortune"* into

"extended surface, varied somewhat by inequalities, but still exhibiting a general level, affording a safe position for all, and creating no necessity, for either force or fraud, on the part of anyone, to enable him to secure his standing." [Spooner quoted by Peter Marshall in **Demanding the Impossible**, pp. 388-9]

Right "libertarians" have perhaps mistaken Spooner for a capitalist because of his claim that a "free market in credit" would lead to low interest on loans or his "foolish" (to use Tucker's expression) ideas on intellectual property. But, as noted, markets are not the defining feature of capitalism. There were markets long before capitalism existed. So the fact that Spooner retained the concept of markets does not necessarily make him a capitalist. In fact, far from seeing his "free market in credit" in capitalist terms, he believed (again like Tucker) that competition between mutual banks would make credit cheap and easily available, and that this would lead to the **elimination** of capitalism! In this respect, both Spooner and Tucker follow Proudhon, who maintained that *"reduction of interest rates to vanishing point is itself a revolutionary act, because it is destructive of capitalism"* [cited in Edward Hyams, **Pierre-Joseph Proudhon: His Revolutionary Life, Mind and Works**, Taplinger, 1979]. Whether this belief is correct is, of course, another question; we have suggested that it is not, and that capitalism cannot be "reformed away" by mutual banking, particularly by competitive mutual banking.

Further evidence of Spooner's anti-capitalism can be found in his book **Poverty: Its Illegal Causes and Legal Cure**, where he notes that under capitalism the labourer does not receive *"all the fruits of his own labour"*

because the capitalist lives off of workers' *"honest industry."* Thus: *"... almost all fortunes are made out of the capital and labour of other men than those who realise them. Indeed, except by his sponging capital and labour from others."* [quoted by Martin J. James, **Men Against the State**, p. 173f] Spooner's statement that capitalists deny workers *"all the fruits"* (i.e. the full value) of their labour presupposes the labour theory of value, which is the basis of the **socialist** demonstration that capitalism is exploitative (see [section C](#)).

This interpretation of Spooner's social and economic views is supported by various studies in which his ideas are analysed. As these works also give an idea of Spooner's ideal world, they are worth quoting :

"Spooner envisioned a society of pre-industrial times in which small property owners gathered together voluntarily and were assured by their mutual honesty of full payment of their labour." [Corinne Jackson, **The Black Flag of Anarchy**, p. 87]

Spooner considered that *"it was necessary that every man be his own employer or work for himself in a direct way, since working for another resulted in a portion being diverted to the employer. To be one's own employer, it was necessary for one to have access to one's own capital."* [James J. Martin, **Men Against the State**, p. 172]

Spooner *"recommends that every man should be his own employer, and he depicts an ideal society of independent farmers and entrepreneurs who have access to easy credit. If every person received the fruits of his own labour, the just and equal distribution of wealth would*

result." [Peter Marshall, **Demanding the Impossible**, p. 389]

"Spooner would destroy the factory system, wage labour [and the business cycle]. . . by making every individual a small capitalist [sic!], an independent producer." [Eunice Minette Schuster, **Native American Anarchism**, p. 151]

It is quite apparent, then, that Spooner was against wage labour, and therefore was no capitalist. Hence we must agree with Marshall, who classifies Spooner as a **left** libertarian with ideas very close to Proudhon's mutualism. Whether such ideas are relevant now, given the vast amount of capital needed to start companies in established sectors of the economy, is another question. As noted above, similar doubts may be raised about Spooner's claims about the virtues of a free market in credit. But one thing is clear: Spooner was opposed to the way America was developing in the mid 1800's. He viewed the rise of capitalism with disgust and suggested a way for non-exploitative and non-oppressive economic relationships to become the norm again in US society, a way based on eliminating the root cause of capitalism -- wage-labour -- through a system of easy credit, which he believed would enable artisans and peasants to obtain their own means of production. This is confirmed by an analysis of his famous works **Natural Law** and **No Treason**.

Spooner's support of "Natural Law" has also been taken as "evidence" that Spooner was a proto-right-libertarian (which ignores the fact that support for "Natural Law" is not limited to right libertarians). Of course, most anarchists do not find theories of "natural law," be they

those of right-Libertarians, fascists or whatever, to be particularly compelling. Certainly the ideas of "Natural Law" and "Natural Rights," as existing independently of human beings in the sense of the ideal Platonic Forms, are difficult for anarchists to accept per se, because such ideas are inherently authoritarian (as highlighted in section [F.7](#)). Most anarchists would agree with Tucker when he called such concepts "*religious*."

Spooner, unfortunately, did subscribe to the cult of "*immutable and universal*" Natural Laws and is so subject to all the problems we highlight in section [F.7](#). If we look at his "defence" of Natural Law we can see how weak (and indeed silly) it is. Replacing the word "*rights*" with the word "*clothes*" in the following passage shows the inherent weakness of his argument:

"if there be no such principle as justice, or natural law, then every human being came into the world utterly destitute of rights; and coming so into the world destitute of rights, he must forever remain so. For if no one brings any rights with him into the world, clearly no one can ever have any rights of his own, or give any to another. And the consequence would be that mankind could never have any rights; and for them to talk of any such things as their rights, would be to talk of things that had, never will, and never can have any existence." [**Natural Law**]

And, we add, unlike the "Natural Laws" of "*gravitation, . . . of light, the principles of mathematics*" to which Spooner compares them, he is perfectly aware that his "Natural Law" can be "*trampled upon*" by other humans. However, unlike gravity (which does not need enforcing) it's obvious that Spooner's "Natural Law" has to be enforced by human beings as it is within human nature to

steal. In other words, it is a moral code, **not** a "Natural Law" like gravity.

Interestingly, Spooner did come close to a **rational**, non-religious source for rights when he points out that *"Men living in contact with each other, and having intercourse together, cannot avoid learning natural law."* [Ibid.] This indicates the **social** nature of rights, of our sense of right and wrong, and so rights can exist without believing in religious concepts as "Natural Law."

In addition, we can say that his support for juries indicates an unconscious recognition of the **social** nature (and so evolution) of any concepts of human rights. In other words, by arguing strongly for juries to judge human conflict, he implicitly recognises that the concepts of right and wrong in society are **not** indelibly inscribed in law tomes as the "true law," but instead change and develop as society does (as reflected in the decisions of the juries). In addition, he states that *"Honesty, justice, natural law, is usually a very plain and simple matter, . . . made up of a few simple elementary principles, of the truth and justice of which every ordinary mind has an almost intuitive perception,"* thus indicating that what is right and wrong exists in "ordinary people" and not in "prosperous judges" or any other small group claiming to speak on behalf of "truth."

As can be seen, Spooner's account of how "natural law" will be administered is radically different from, say, Murray Rothbard's, and indicates a strong egalitarian context foreign to right-libertarianism.

As far as "anarcho"-capitalism goes, one wonders how Spooner would regard the "anarcho"-capitalist

"protection firm," given his comment in **No Treason** that *"[a]ny number of scoundrels, having money enough to start with, can establish themselves as a 'government'; because, with money, they can hire soldiers, and with soldiers extort more money; and also compel general obedience to their will."* Compare this to Spooner's description of his voluntary justice associations:

"it is evidently desirable that men should associate, so far as they freely and voluntarily can do so, for the maintenance of justice among themselves, and for mutual protection against other wrong-doers. It is also in the highest degree desirable that they should agree upon some plan or system of judicial proceedings"
[**Natural Law**]

At first glance, one may be tempted to interpret Spooner's justice organisations as a subscription to "anarcho"-capitalist style protection firms. A more careful reading suggests that Spooner's actual conception is more based on the concept of mutual aid, whereby people provide such services for themselves and for others rather than buying them on a fee-per-service basis. A very different concept.

These comments are particularly important when we consider Spooner's criticisms of finance capitalists, like the Rothschilds. Here he departs even more strikingly from all "Libertarian" positions. For he believes that sheer wealth has intrinsic power, even to the extent of allowing the wealthy to coerce the government into behaving at their behest. For Spooner, governments are *"the merest hangers on, the servile, obsequious, fawning dependents and tools of these blood-money loan-mongers, on whom they rely for the means to carry on*

their crimes. These loan-mongers, like the Rothschilds, [can]. . . unmake them [governments]. . . the moment they refuse to commit any crime" that finance capital requires of them. Indeed, Spooner considers *"these soulless blood-money loan-mongers"* as *"the real rulers,"* not the government (who are their agents). [No Treason].

If one grants that highly concentrated wealth has intrinsic power and may be used in such a Machiavellian manner as Spooner claims, then simple opposition to the state is not sufficient. Logically, any political theory claiming to promote liberty should also seek to limit or abolish the institutions that facilitate large concentrations of wealth. As shown above, Spooner regarded wage labour under capitalism as one of these institutions, because without it *"large fortunes could rarely be made at all by one individual."* Hence for Spooner, as for social anarchists, to be anti-statist also necessitates being anti-capitalist.

This can be clearly seen for his analysis of history, where he states: *"Why is it that [Natural Law] has not, ages ago, been established throughout the world as the one only law that any man, or all men, could rightfully be compelled to obey?"* Spooner's answer is given in his interpretation of how the State evolved, where he postulates that the State was formed through the initial ascendancy of a land-holding, slave-holding class by military conquest and oppressive enslavement of a subsistence-farming peasantry.

"These tyrants, living solely on plunder, and on the labour of their slaves, and applying all their energies to the seizure of still more plunder, and the enslavement of still other defenceless persons; increasing, too, their

numbers, perfecting their organisations, and multiplying their weapons of war, they extend their conquests until, in order to hold what they have already got, it becomes necessary for them to act systematically, and cooperate with each other in holding their slaves in subjection.

"But all this they can do only by establishing what they call a government, and making what they call laws. ...

"Thus substantially all the legislation of the world has had its origin in the desires of one class of persons to plunder and enslave others, and hold them as property."
[Natural Law]

Nothing too provocative here; simply Spooner's view of government as a tool of the wealth-holding, slave-owning class. What is more interesting is Spooner's view of the subsequent development of (post-slavery) socio-economic systems. Spooner writes:

*"In process of time, the robber, or slaveholding, class -- who had seized all the lands, and held all the means of creating wealth -- began to discover that the easiest mode of managing their slaves, and making them profitable, was **not** for each slaveholder to hold his specified number of slaves, as he had done before, and as he would hold so many cattle, but to give them so much liberty as would throw upon themselves (the slaves) the responsibility of their own subsistence, and yet compel them to sell their labour to the land-holding class -- their former owners -- for just what the latter might choose to give them." [Ibid.]*

Here Spooner echoes the standard anarchist critique of capitalism. Note that he is no longer talking about

slavery but rather about economic relations between a wealth-holding class and a 'freed' class of workers/labourers/tenant farmers. Clearly he does **not** view this relation --wage labour -- as a voluntary association, because the former slaves have little option but to be employed by members of the wealth-owning class.

Spooner points out that by monopolising the means of wealth creation while at the same time requiring the newly 'liberated' slaves to provide for themselves, the robber class thus continues to receive the benefits of the labour of the former slaves while accepting none of the responsibility for their welfare.

Spooner continues:

"Of course, these liberated slaves, as some have erroneously called them, having no lands, or other property, and no means of obtaining an independent subsistence, had no alternative -- to save themselves from starvation -- but to sell their labour to the landholders, in exchange only for the coarsest necessities of life; not always for so much even as that."
[Ibid.]

Thus while technically "free," the liberated working/labouring class lack the ability to provide for their own needs and hence remain dependent on the wealth-owning class. This echoes not right-libertarian analysis of capitalism, but left-libertarian and other socialist viewpoints.

"These liberated slaves, as they were called, were now scarcely less slaves than they were before. Their means

of subsistence were perhaps even more precarious than when each had his own owner, who had an interest to preserve his life." [Ibid.]

This is an interesting comment. Spooner suggests that the liberated slave class were perhaps **better off as slaves**. Most anarchists would not go so far, although we would agree that employees are subject to the power of those who employ them and so are no long self-governing individuals -- in other words, that capitalist social relationships deny self-ownership and freedom.

"They were liable, at the caprice or interest of the landholders, to be thrown out of home, employment, and the opportunity of even earning a subsistence by their labour." [Ibid.]

Lest the reader doubt that Spooner is actually discussing employment here (and not slavery), he explicitly includes being made unemployed as an example of the arbitrary nature of wage labour.

"They were, therefore, in large numbers, driven to the necessity of begging, stealing, or starving; and became, of course, dangerous to the property and quiet of their late masters." [Ibid.]

And thus:

*"The consequence was, that these late owners found it necessary, for their own safety and the safety of their property, to organise themselves more perfectly as a government **and make laws for keeping these dangerous people in subjection.** . . . "* [Ibid.]

In other words, the robber class creates legislation which will protect its power, namely its property, against the dispossessed. Hence we see the creation of "law code" by the wealthy which serves to protect their interests while effectively making attempts to change the status quo illegal. This process is in effect similar to the right-libertarian concept of a "general libertarian law code" which exercises a monopoly over a given area and which exists to defend the "rights" of property against "initiation of force," i.e. attempts to change the system into a new one.

Spooner goes on:

"The purpose and effect of these laws have been to maintain, in the hands of robber, or slave holding class, a monopoly of all lands, and, as far as possible, of all other means of creating wealth; and thus to keep the great body of labourers in such a state of poverty and dependence, as would compel them to sell their labour to their tyrants for the lowest prices at which life could be sustained." [Ibid.]

Thus Spooner identifies the underlying basis for legislation (as well as the source of much misery, exploitation and oppression throughout history) as the result of the monopolisation of the means of wealth creation by an elite class. We doubt he would have considered that calling these laws "libertarian" would in any change their oppressive and class-based nature.

"Thus the whole business of legislation, which has now grown to such gigantic proportions, had its origin in the conspiracies, which have always existed among the few, for the purpose of holding the many in subjection, and

extorting from them their labour, and all the profits of their labour." [**Ibid.**]

Characterising employment as extortion may seem rather extreme, but it makes sense given the exploitative nature of profit under capitalism, as left libertarians have long recognised (see [section C](#)).

In summary, as can be seen, there is a great deal of commonality between Spooner's ideas and those of social anarchists. Spooner perceives the same sources of exploitation and oppression inherent in monopolistic control of the means of production by a wealth-owning class as do social anarchists. His solutions may differ, but he observes exactly the same problems. In other words, Spooner is a left libertarian, and his individualist anarchism is just as anti-capitalist as the ideas of, say, Bakunin, Kropotkin or Chomsky.

Spooner was no more a capitalist than Rothbard was an anarchist.

SECTION H - WHY DO ANARCHISTS OPPOSE STATE SOCIALISM?

While this section of the FAQ is being worked upon, we recommend the following texts as good introductions on why anarchists oppose state socialism:

- [The Bolsheviks and Workers Control](http://www.geocities.com/WestHollywood/2163/bolintro.html)
<http://www.geocities.com/WestHollywood/2163/bolintro.html>
- [Freedom and Revolution](http://www.geocities.com/CapitolHill/2419/freerev.html) in the Russian Revolution by Aileen O'Carroll
<http://www.geocities.com/CapitolHill/2419/freerev.html>
- ['The Kronstadt Commune'](http://www.cs.utah.edu/~galt/kronstadt.html) by Ida Mett
<http://www.cs.utah.edu/~galt/kronstadt.html>
- [Lenin's Ideas](http://www.geocities.com/CapitolHill/2419/lenin.html) by Alan MacSimion
<http://www.geocities.com/CapitolHill/2419/lenin.html>
- [Lenin and Stalin](http://www.geocities.com/CapitolHill/2419/lensta.html) by Andrew Flood
<http://www.geocities.com/CapitolHill/2419/lensta.html>
- Defending [October or Defending the truth?](http://www.geocities.com/CapitolHill/2419/iwg.html) by Andrew Flood
<http://www.geocities.com/CapitolHill/2419/iwg.html>
- [Marxism, Freedom and the State](http://www.cs.utah.edu/~galt/marxnfreen.html) by Micheal Bakunin
<http://www.cs.utah.edu/~galt/marxnfreen.html>
- [Marxism and Anarchism](http://www.geocities.com/CapitolHill/2419/marxanar.html) by Conor McLoughlin
<http://www.geocities.com/CapitolHill/2419/marxanar.html>

- [Marx and the state](http://www.geocities.com/CapitolHill/2419/marxstat.htm) by Conor McLoughlin
http://www.geocities.com/CapitolHill/2419/marxstat.htm
1

INTRODUCTION

H.1 HAVE ANARCHISTS ALWAYS OPPOSED STATE SOCIALISM?

H.2 WHAT ARE THE MYTHS OF STATE SOCIALISM?

H.2.1 IS ECONOMIC POWER THE ROOT OF ALL CLASS OPPRESSION?

H.2.2 IS BIG BUSINESS THE PRECONDITION FOR SOCIALISM?

H.2.3 WILL CAPITALIST ECONOMIC CRISIS HELP CREATE SOCIALISM?

H.2.4 WHY STATE SOCIALISM IS NOT SOCIALISM?

H.2.5 WHY ARE VANGUARD PARTIES ANTI-SOCIALIST?

H.2.6 WHY WILL THE STATE NOT "WITHER AWAY?"

H.2.7 WHY IS STATE OWNERSHIP IS CAPITALISTIC?

H.2.8 WHY DOES CENTRAL PLANNING FAIL?

H.3 WHAT ACTUALLY HAPPENED IN RUSSIA?

H.3.1 WHAT IS "THE BOLSHEVIK MYTH"?

H.3.2 WHAT WAS THE BOLSHEVIK ATTITUDE TO WORKERS CONTROL?

H.3.3 WHY DID THE SOVIETS BECOME POWERLESS IN THE USSR?

H.3.4 DID THE BOLSHEVIKS BECOME AUTHORITARIAN BECAUSE OF THE RUSSIA CIVIL WAR?

H.3.5 WHY IS THE KRONSTADT REBELLION IMPORTANT TO

UNDERSTANDING THE TRUE NATURE OF
BOLSHEVISM?

H.3.6 WHY DOES THE MAKHNOVIST
MOVEMENT SHOW THERE IS AN
ALTERNATIVE TO BOLSHEVISM

H.4 WHAT IS MARKET SOCIALISM?

H.4.1 WHAT'S WRONG WITH MARKET
SOCIALISM FROM A LIBERTARIAN
PERSPECTIVE?

H.4.2 IS THERE ANY FORM OF MARKET
SOCIALISM THAT IS COMPATIBLE WITH
LIBERTARIAN SOCIALISM?